REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION FOR THE YEAR 1990

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-FIFTH SESSION
SUPPLEMENT No. 30 (A/45/30)

UNITED NATIONS

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UNITED NATIONS

New York, 1990

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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ABBREVIATIONS

ACC	Advisory Committee on Co-ordination
ACPAQ	Advisory Committee on Post Adjustment Questions
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMO	International Maritime Organization
IRS	United States Internal Revenue Service
ITU	International Telecommunication Union
JAC	Joint Advisory Committee
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UPU	Universal Postal Union
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

LETTER OF TRANSMITTAL

27 August 1990

Sir,

I have the honour to transmit herewith the sixteenth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute. It includes information on the implementation of its recommendations and decisions by organizations of the United Nations common system.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) Richard M. AKWEI
Chairman

His Excellency
Mr. Javier Pérez de Cuéllar
Secretary-General of the United Nations
New York

SUMMARY OF RECOMMENDATIONS THAT CALL FOR DECISIONS BY THE GENERAL ASSEMBLY AND THE LEGISLATIVE ORGANS OF THE OTHER PARTICIPATING ORGANIZATIONS

Paragraph reference	
	Pensionable remuneration for the Professional and higher categories
	Comprehensive review
38	The Commission decided to recommend to the General Assembly the basis to be used for the methodology for pensionable remuneration, the actual methodology, the scale of staff assessment, the interim adjustment procedure, the margin range for pensionble remuneration, the procedure for the calculation and reporting of the pensionable remuneration margin and the income replacement ratios, the modalities for the operation of the interim adjustment procedure within the pensionable remuneration margin range and the scale of pensionable remuneration to be used after 1 January 1991.
	Conditions of service of the Professional and higher categories
	(A) Comprehensive review of the conditions of service of the Professional and higher categories
	Housing and remuneration structures
95	The Commission decided to recommend that housing should be maintained in the post adjustment system at Headquarters, North American, European and field duty stations where housing comparisons could be made without serious difficulty. Housing should be excluded from the post adjustment system for duty stations in the field where valid housing comparisons were difficult or impossible. The Commission made specific recommendations for the treatment of the housing component at both groups of duty stations and also on a revised rental subsidy scheme for application uniformly at duty stations where housing comparisons would continue.
	Conditions of service of the Assistant Secretary-General and Under-Secretary-General and equivalent levels
124 (b)	The Commission decided to recommend revised housing arrangements for officials at the above mentioned levels.

Paragraph reference

Longevity steps

162 The Commission decided to recommend that the executive heads of ILO and WHO should bring the matter of the additional steps beyond the salary scales of the Professional and higher categories of staff approved by the General Assembly, as well as the common system scales for the General Service and related categories of staff, to the attention of their respective legislative bodies. It also decided to recommend that WIPO take appropriate action to change its staff regulations to eliminate the provision regarding the introduction of one extra step in grades P-1 to P-5, as was recommended in 1984.

(B) Remuneration of the Professional and higher categories

Evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system

188 (d) The Commission decided to request the General Assembly to reconsider its request to the Commission to manage the margin over a five-year period so that the average margin would be around the midpoint of the range.

Base/floor salary scale

207 The Commission decided to recommend to the General Assembly that the current base salary scale should be increased by 8.5 per cent through consolidation of post adjustment classes.

Conditions of service of the General Service and related categories

Survey of best prevailing conditions of service in London

221 On the basis of a survey of best prevailing conditions of service for the General Service and related categories of staff in London, the Commission recommended a salary scale to the Secretary-General of IMO.

Survey of best prevailing conditions of service in New York

222 On the basis of a survey of best prevailing conditions of service for the General Service, the Trades and Crafts and Security Service categories in New York, the Commission recommended salary scales for these categories to the executive heads of the organizations with staff in New York.

Survey of best prevailing conditions of service in Rome

223 On the basis of a survey of best prevailing conditions of service for the General Service and related categories of staff in Rome, the Commission recommended a salary scale to the executive heads of the organizations with staff in Rome.

Paragraph reference	
	Implications of the decisions arising out of the comprehensive review of conditions of service of the Professional and higher categories for the General Service and related categories of staff
235	The Commission decided to recommend that the children's allowance in respect of disabled children for the General Service and related categories should be set at double the normal amount of children's allowance applicable for those categories. It also recommended that the mobility and hardship matrix approved for the Professional and higher categories should be applied also to internationally recruited General Service staff with some modifications to the reference point of P-4/step VI. The assignment grant should also be payable to internationally recruited General Service staff.
	Conditions of service applicable to both categories
251	The Commission decided to recommend an increase in the maximum admissible eductional expense, the maximum grant and the ceiling for boarding costs for areas where education related expenses are incurred in specified currencies (para. 251 (b)). It also decided to recommend that the special education grant maximum for disabled children in these areas should be adjusted in line with the revised maximum for admissible educational expenses. For other areas it recommended that the above-mentioned limits should remain unchanged.
	Review of the conditions of service of the Field Service category
270 (b)	The Commission decided to recommend to the Secretary-General of the United Nations the base salary scale shown in annex XXI for application to the Field Service category.
	Status of women
279	The Commission made specific recommendations to the organizations regarding special measures for the recruitment of women in the Professional and higher categories.

SUMMARY OF FINANCIAL IMPLICATIONS OF THE COMMISSION'S RECOMMENDATIONS AND DECISIONS FOR THE UNITED NATIONS AND PARTICIPATING ORGANIZATIONS

Paragraph reference

A. Financial implications of the Commission's recommendations to the General Assembly

Housing and remuneration structures

95 The financial implications of the Commission's recommendations on the revised procedures for the treatment of housing and the payment of rental subsidies were estimated at $4.8 million per annum. Further implications resulting from the use of gross rents in place-to-place comparisons on the post adjustment indices for New York and Washington, D.C. and consequently, on the cost-of-living differential between these two locations, are outlined under paragraph 98.

Base/floor salary scale

205 The total financial implications of the Commission's recommendation for an adjustment of the base/floor salary scale were estimated at $5.5 million per annum. As it is recommended that the proposed salary scale should be implemented from 1 March 1991, the additional costs for 1991 would be some $4.6 million.

Review of the level of the education grant

251 The financial implications of the Commission's recommendation on the maximum amount of admissible expenses, the maximum grant and ceiling for boarding costs for selected areas, as well as the corresponding adjustment for the special education grant for disabled children, were estimated at $3.16 million per annum.

B. Financial implications of the Commission's recommendations to the executive heads of the organizations of the United Nations common system

Survey of best prevailing conditions of service in London

221 The financial implications of the Commission's recommendation concerning the salary scale for the General Service category in London were estimated at $616,000 per annum.

Survey of best prevailing conditions of service in New York

222 The financial implications of the Commission's recommendation concerning the salary scales for the General Service and related categories in New York were estimated at $1.8 million per annum.

Paragraph reference	
	Survey of best prevailing conditions of service in Rome
223	The financial implications of the Commission's recommendation concerning the salary scale for the General Service category in Rome were estimated at $4.5 million per annum.
	Implications of the decisions arising out of the comprehensive review of conditions of service of the Professional and higher categories for the General Service and related categories of staff
235 (a)	The financial implications of the Commission's recommendations concerning the children's allowance in respect of disabled children for the General Service and related categories were estimated at $100,000 per annum.
235 (b) and (c)	The financial implications of the Commission's recommendations concerning the mobility and hardship allowance and the assignment grant for internationally recruited General Service staff were estimated at $285,000 per annum.
	Review of the conditions of service of the Field Service category
270 (b)	The financial implications of the Commission's recommendations concerning the salary scale for the Field Service category were estimated at $2.14 million per annum.
270 (c) and (d)	The financial implications of the Commission's decisions concerning the mobility and hardship allowance and the assignment grant for the Field Service category were estimated at $1.74 million per annum.

CHAPTER I

ORGANIZATIONAL MATTERS

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ...".

2. To date 12 organizations have accepted the statute of the Commission, which, together with the United Nations itself, participated in the United Nations common system of salaries and allowances. 1/ Two other organizations, although not having formally accepted the statute, have participated fully in the Commission's work. 2/

B. Membership

3. The General Assembly, at its forty-fourth session, appointed one new member and reappointed five former members of the Commission to terms of office commencing 1 January 1990 (decision 44/320 of 19 December 1989).

4. The membership of the Commission for 1990 is as follows:

Mr. Richard M. Akwei (Ghana),* Chairman
Mr. Amjad Ali (Pakistan)**
Mr. Michel Jean Bardoux (France)***
Mrs. Claudia Cooley (United States of America)***
Mrs. Turkia Daddah (Mauritania)*
Mrs. Francesca Yetunde Emanuel (Nigeria)**
Mr. Antônio Fonseca Pimentel (Brazil)***
Mr. André Xavier Pirson (Belgium)*
Mr. Omar Sirry (Egypt)**
Mr. Ladislav Smíd (Czechoslovakia)*
Mr. Alexis Stephanou (Greece)***
Mr. Ku Tashiro (Japan)***
Mr. Vladislav Petrovich Terekhov (Union of Soviet Socialist Republics)**
Mr. Carlos S. Vegega (Argentina),* Vice-Chairman
Mr. M. A. Vellodi (India)**

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* Term of office expires on 31 December 1990.

** Term of office expires on 31 December 1992.

*** Term of office expires on 31 December 1993.

C. Sessions held by the Commission and questions examined

5. The Commission held two sessions in 1990: the thirty-first and thirty-second. The thirty-first session, which took place from 5 to 23 March 1990, was held at United Nations Headquarters in New York. The thirty-second session was held at the headquarters of the International Labour Organisation (ILO) at Geneva from 9 July to 3 August 1990.

6. At its thirty-first and thirty-second sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are reported on in the present document.

D. Subsidiary body

7. The Advisory Committee on Post Adjustment Questions (ACPAQ), established by the Commission in 1976, held its fifteenth session at the headquarters of the International Atomic Energy Agency (IAEA) at Vienna from 2 to 8 May 1990. It consisted of the following members: Mr. Carlos S. Vegega (Argentina), Vice-Chairman of the Commission and Chairman of the Committee; Mr. Jeremiah P. Banda (Zambia); Mr. Yuri Ivanov (Union of Soviet Socialist Republics); Mr. Isaac Kerstenetzky (Brazil); Mr. Yuki Miura (Japan); and Mr. Hugues Picard (France).

CHAPTER II

ACTION TAKEN IN RELATION TO RESOLUTIONS AND DECISIONS OF THE GENERAL ASSEMBLY AT ITS FORTY-FOURTH SESSION

8. The Commission took action in relation to resolutions and decisions adopted by the General Assembly at its forty-fourth session, as reported below, in respect of the following matters.

9. In its resolution 44/198 of 21 December 1989, entitled "United Nations common system: report of the International Civil Service Commission", the General Assembly had acted on a number of recommendations of the Commission arising from the comprehensive review of the conditions of service of the Professional and higher categories of staff. The General Assembly had also requested the Commission to address a number of specific issues dealt with as part of the comprehensive review. Those requests are addressed as part of the Commission's consideration reported under paragraphs 58 to 172 below. In the same resolution, under section II, the Assembly had recalled its requests concerning the review of the functioning of ICSC in resolutions 42/221 of 21 December 1987 and 43/226 of 21 December 1988 and requested the Secretary-General, together with his colleagues in the Administrative Committee on Co-ordination and after consultation with the representatives of staff participating in the Commission, to review the functioning of the Commission and to present to the Assembly at its forty-sixth session a report on the matter. The Commission's consideration of this matter may be found in paragraphs 11 to 19 below.

10. The Commission took note of the following decisions and resolutions:

(a) Decision 44/320, concerning the appointment of six members of the Commission;

(b) Resolution 44/199, entitled "United Nations pension system". The request of the General Assembly under section II, paragraph 2, of that resolution was fully taken into account by the Commission as part of its comprehensive review of the methodology for the determination of the scale of pensionable remuneration of staff in the Professional and higher categories and other relevant issues. The details of the Commission's consideration of this matter may be found under paragraphs 20 to 38 below;

(c) Decision 44/413, concerning harmonization of the statutes, rules and practices of the administrative tribunals of the International Labour Organisation and of the United Nations;

(d) Resolution 44/186 and decision 44/440, entitled "Respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations";

(e) Resolutions 44/185 A to D, entitled "Personnel questions";

(f) Decision 44/439, entitled "Amendments to the staff rules".

Review of the functioning of the International Civil Service Commission

11. At its thirty-first and thirty-second sessions, held in March and July 1990, the Commission, while recalling its past consideration of the subject at its twenty-seventh, twenty-eighth, second special and twenty-ninth sessions, gave further consideration to the questions of the functioning of the Commission in the light of the provisions of General Assembly resolutions 42/221, 43/226 and 44/198.

12. At its thirty-first session, the Commission reviewed rule 35 of its rules of procedure on the subject of executive sessions. The provisions of resolutions 43/226 and 44/198 and in particular the continuing validity of resolutions 42/221 and 43/226 were also examined. The Commission took decisions in three major areas: working methods; the role of the Commission in the review of its functioning; and the format of the Commission's reports.

Decisions and conclusions of the Commission

(a) Working methods

13. The Commission adopted, with effect from its thirty-first session, the following modifications to its working agenda:

(a) As a general rule, on all issues affecting the conditions of service of United Nations common system staff, representatives designated under rule 37, subparagraph 1 (a), of the ICSC rules of procedure might attend all the Commission's meetings, including those at which decisions were taken;

(b) On major issues, as determined on its own initiative or on the proposal of the representatives of organizations or of staff, the Commission might establish tripartite working groups in accordance with the following guidelines:

(i) The membership, terms of reference and timing of the working group on a particular issue would be determined at the time of its establishment, on the basis of consultations among all parties concerned. It was understood that the working groups would be composed of members of the Commission or of the ICSC secretariat and representatives of the organizations and staff. UNJSPB or its secretariat would be invited to participate as appropriate;

(ii) The nominees of the Commission for such working groups would participate in their personal capacity;

(iii) The working groups would report to the Commission or to a body designated by it. Their reports should focus on the presentation of relevant facts, options and conclusions for consideration by the Commission;

(iv) The working groups should endeavour, to the extent possible, to reach consensus on all aspects of the mandated issue, where consensus was not possible, their reports should reflect diverging views.

14. The above decisions were without prejudice to the Commission's right to hold executive session.

15. Draft decisions of the Commission would be made available simultaneously and in a timely manner to members of the Commission, CCAQ and the staff representatives.

(b) Format of the Commission's reports

16. The Commission decided to provide a glossary of technical terms as part of its annual report. This may be found in annex I to the present report.

(c) Review of the functioning of the Commission

17. The Commission, while noting that the General Assembly had, in section II, paragraph 1, of its resolution 44/198, requested the Secretary-General, together with his colleagues in the Administrative Committee on Co-ordination and after consultations with the representatives of staff participating in the Commission, to review the functioning of the Commission and to present to the General Assembly at its forty-sixth session a report on the matter together with the views of the Commission thereon, was of the view that it should be involved at all stages of the review. The view was conveyed to ACC, at its May 1990 session, by the Chairman of the Commission.

18. At its thirty-second session, the Commission was informed that at its May 1990 session ACC, by its decision 1990/8, had requested CCAQ:

(a) To prepare a preliminary discussion paper for consideration by ACC at its second regular session of 1990;

(b) To consult with the representatives of the staff and with ICSC in the preparation of the discussion paper;

(c) To submit a report on the review for consideration by ACC at its first regular session on 1991.

19. In light of the above, CCAQ prepared a preliminary document and presented it for comments to the Commission, which expressed its views thereon. The next phase of this matter would be undertaken by ACC, which would have before it a set of basic issues submitted by CCAQ that reflected the views of the Commission and the staff representatives. The Commission agreed to a request by the organizations to participate in the consideration of this issue through a working group composed of members of the Commission, CCAQ and the staff representatives.

CHAPTER III

PENSIONABLE REMUNERATION AND PENSION ENTITLEMENTS

A. Pensionable remuneration for the Professional and higher categories

1. Comprehensive review

20. The General Assembly, by its resolution 41/208, section I, paragraph 6, requested the Commission to undertake, in full co-operation with UNJSPB, a further comprehensive review of the methodology for the determination of the scale of pensionable remuneration for the Professional and higher categories, for monitoring the level of the scale and for its adjustment in between comprehensive reviews and to present its recommendations thereon to the General Assembly at its forty-fifth session. The arrangements agreed upon by the Commission and the Pension Board for the conduct of the comprehensive review were reported to the General Assembly in the fifteenth annual report of ICSC. 3/ In its resolution 44/199, section II, paragraph 2, the Assembly requested the Commission, in undertaking, in full co-operation with UNJSPB, the comprehensive review of the pensionable remuneration of staff in the Professional and higher categories to take into account: (a) the relevant recommendations on the remuneration structure; (b) the consideration set out in paragraphs 34 to 41 of volume I of the report of the Commission 4/ and paragraphs 84 to 95 of the Report of the Board 5/ in studying the desirability of establishing a margin range between the pensionable remuneration of staff in the United Nations common system and staff in comparable grades in the comparator civil service and to present its report thereon to the General Assembly at its forty-fifth session.

Views of the Staff Pension Board

21. The Chairman of UNJSPB stated that the Board attached importance to maximum stability in the pension area. In the absence of compelling reasons, frequent changes should not be made in pension arrangements or in the methodology for determining pensionable remuneration. He noted that should a change in the remuneration structure lead to a change in the way comparisons were made between net remuneration in the United Nations and remuneration in the comparator service, it would affect future comparisons of pensionable remuneration and income replacement ratios in the two services. Moreover, if changes were made in the net remuneration margin calculations and in the associated margin range, that would have to be taken into account in determining whether and, if so, how to construct a margin range for pensionable remuneration. The removal of housing from post adjustment and its replacement by a housing allowance would also change the cost-of-living relativities between New York and the other duty stations and hence would have an impact on the operation of the pension adjustment system. The Chairman of the Board observed that, in the final analysis, the key question would be whether the total effect of a change in the remuneration structure would be to make the United Nations conditions of service, as a whole, more competitive; in such an assessment, the importance of pensions should not be underestimated.

22. The Chairman of the Pension Board stated that, should the current remuneration structure be maintained, the methodology for determining pensionable remuneration

applied in 1986, and the revised interim adjustment procedure approved by the General Assembly in 1989 should continue. As the income replacement concept was the fundamental underpinning of the 1986 methodology, the annual reporting to the General Assembly on pensionable remuneration should include the income replacement ratios of pensions to net remuneration in both the United Nations and the comparator service. The Board also agreed that if there was to be annual reporting of a United Nations/United States pensionable remuneration margin, and if there was to be a margin range, then the method of calculating the margin should be consistent with that used in the case of net remuneration.

23. At its June 1990 session, the Pension Board deferred a decision on the desirability of a pensionable remuneration margin range and advised the Commission that further efforts to resolve differences of views on this matter would be made by the Board at a special session in August, in the light of the Commission's decisions on all matters related to pensionable remuneration. The Chairman of the Board stated that some members of the Board were of the view that, at best, a pensionable remuneration margin range was unnecessary since pensionable remuneration was directly derived from net remuneration, which was controlled by its own margin range and, at worst, such a range could conflict with the fundamental income replacement concept. Others in the Board, however, were prepared to concur with the Commission's position on the establishment of a pensionable remuneration margin range of 110-120 on the understanding that this margin would be determined in the same manner as the net remuneration margin and that decisions on the operation of the interim adjustment procedure would remain with the General Assembly, acting on the recommendations of ICSC and the Board.

Views of the organizations

24. The Chairman of CCAQ emphasized the need for stability in the area of pensionable remuneration and consequent pensions. CCAQ emphasized that income replacement should continue to be the basis of the methodology for establishing pensionable remuneration and, as already recognized by the General Assembly, total net remuneration in New York should be taken into account. CCAQ concurred that it would be appropriate, and consistent, to use 25 years of contributory service in the application of the methodology.

25. The organizations were of the view that the interim adjustment procedure would serve as a regulatory mechanism for pensionable remuneration amounts and it would, therefore, be superfluous to establish a margin for pensionable remuneration. However, if a parallel margin for pensionable remuneration was to be considered, then it would have to be consistent with the net remuneration margin and take into account the New York/Washington, D.C. cost-of-living differential. The margin range would also have to reflect that consistency.

26. The Chairman of CCAQ noted that currently there were two separate scales of staff assessment in use for the Professional and higher categories: one used in conjunction with gross and net salaries and the other used to determine pensionable remuneration amounts. He recalled that the former scale was introduced in 1988 to avoid a shortfall in the Tax Equalization Funds maintained by some organizations. With the Commission's intention to review base salary scales annually, the need for finding ways of periodically replenishing the Tax Equalization Fund would be obviated. In view of these developments, the organizations were of the view that the continued use of two separate scales of staff assessment should be reviewed at the earliest opportunity.

Views of the staff representatives

27. The President of FICSA stated that an in-depth study of the pension system was a unique opportunity to make real proposals for reform that would result in substantial improvements acceptable to all concerned. The present study should provide an opportunity to examine real drawbacks in the present system and to formulate lasting viable solutions. He summed up the position of FICSA as follows: (a) there should be a minimum pension based on New York salaries; (b) total net remuneration in New York should be used as the basis for the calculation of pensionable remuneration and not that corresponding to 25 years of service; and (c) adjustments of pensionable remuneration should be carried out when net remuneration in New York was increased and the progressivity of taxes should be taken into account.

28. In this context, the President of FICSA presented a detailed proposal to the Commission. The methodology proposed by FICSA was based on the concept of full income replacement at the end of 35 years of contributory service. The FICSA document also contained some specific proposals for the application of the staff assessment rates to arrive at gross pensionable remuneration amounts from net remuneration amounts as well as on the interim adjustment process. The President of FICSA noted that in the comparator country full salary was used for calculating pensions. He added that the income replacement ratios for the United Nations system were lower than those in the comparator civil service and that this problem could only be resolved if net remuneration for the United Nations staff in New York corresponding to 35 years of service were used in the application of the methodology rather than that corresponding to 25 years of service.

29. The President of CCISUA noted that in pension matters the paramount concern was for stability and that consequently the methodology employed in 1986, which rested on the principle of income replacement at the base of the system, should continue. As in the past the New York/Washington, D.C. cost-of-living differential and the margin should continue to be taken into account. In the event the remuneration structure was changed to exclude the housing component from margin considerations, pensionable remuneration should continue to be based on total remuneration at the base. He added that the interim adjustment process should be re-examined as part of the current review. While a change in remuneration structure might justify the establishment of a margin range for pensionable remuneration, there was no need for such a range under the present structure. CCISUA had no objection to an indicative margin, provided that pensionable remuneration was governed by the principle of income replacement at the base.

Discussion by the Commission

30. The Commission decided to recommend that housing should continue to be maintained, at least for the time being, as an element of the remuneration package (see para. 95). As regards the views of the Pension Board, the Commission noted that while there was a large measure of agreement with regard to various aspects of the methodology for the determination of pensionable remuneration and the interim adjustment procedure, the Board had not taken a final position to date regarding the establishment of a pensionable remuneration margin range. As the Board was to meet after the July session of ICSC, the Commission was of the view that it had no alternative but to formulate its recommendations to the General Assembly on the basis of the Board's current views. In view of this, and of its recommendations to the General Assembly regarding the treatment of housing, the

Commission decided to make the recommendations on the various aspects of the requests from the General Assembly in resolutions 41/208 and 44/198 as outlined below in paragraph 38.

31. The Commission reaffirmed its earlier view concerning the need for stability in the area of pensionable remuneration and pensions. Consequently, the basic tenet of the 1986 methodology, i.e., the income replacement approach, should be retained as the cornerstone of the methodology for the determination of pensionable remuneration. The relationship between pensionable remuneration amounts for United Nations officials in the Professional and higher categories and for their counterparts in the United States federal civil service would also have to be borne in mind. Under the present remuneration structure, therefore, total net remuneration in New York should be used as the basis and 25 years of contributory service should be used in the application of the methodology. The Commission considered that the current interim adjustment procedure as modified by the General Assembly at its forty-fourth session, on the recommendation of the Commission, was generally sound.

32. As regards the rates of staff assessment, the Commission noted that the procedure proposed to be used in the present review was similar to the one used in 1986. The Commission was of the view that, in the application of that procedure, exchange rates averaged over a 12-month period should continue to be used, as such averages would be more in line with the latest situation.

33. The Commission next considered the issue of the desirability of establishing a pensionable remuneration margin range as requested by the General Assembly. In that regard it was recalled that in 1986 both the Commission and the Board had recommended to the General Assembly the establishment of a margin range for pensionable remuneration. However, the Assembly had not approved the recommendation as it was assumed that the Assembly's control over both net remuneration amounts and the rates of staff assessment implied its control over the movement of pensionable remuneration. In actual fact, other factors beyond the Assembly's control, such as United States taxes, could also influence the relationship between United Nations and United States pensionable remuneration amounts.

34. In light of the above, the general view was that controlling the pensionable remuneration by merely monitoring it without a clearly defined and approved margin range was not enough. There was a need to agree a priori as to what constituted appropriate maximum and minimum margin levels. The maximum and minimum levels at which action would be required should not be left open-ended, to be decided upon on a case-by-case basis. Monitoring pensionable remuneration without a pre-defined margin range would constitute a rather loose approach that could give rise to differences in the appreciation of a given development as and when it occurred. That would make it unnecessarily difficult to come to an agreement as to the course of action to be followed. On that basis, there was general support within the Commission for the establishment of a margin range for pensionable remuneration.

35. In general it was also considered that in the long run the establishment of a well defined margin range might lead to the desired stability in the system, provided it was done in a manner consistent with the net remuneration margin. In that regard it was stressed that the procedure used for the calculation of the pensionable remuneration margin should be consistent with that used for the net remuneration margin.

36. Some members of the Commission were of the view that the establishment of pensionable remuneration margin and the control of pensionable remuneration within that margin range might conflict with the basic tenet of the income replacement approach approved by the General Assembly in 1986. Those members were, therefore, of the view that a pensionable remuneration margin calculated in a manner similar to the net remuneration margin, but without a predefined pensionable remuneration margin range, should be used as a guide in a pragmatic way for the Commission and the Pension Board to recommend appropriate action to the General Assembly.

37. The Commission noted that, if the General Assembly were to agree with the continued use of the methodology used in 1986 (see annex II) as recommended in paragraph 38, and approve the scale of staff assessment rate in annex III, a new scale of pensionable remuneration for the Professional and higher categories would have to be determined. In this context the Commission examined the scale of pensionable remuneration derived from the 1986 methodology, the net remuneration amounts at various grades and steps as at 1 July 1990 in New York and the proposed scale of staff assessment. It noted that if the scale thus obtained were to be modified along the lines of the adjustments that were made by the informal working group of the Fifth Committee in 1986, the resulting scale would be very close overall to the actual 1 July 1990 scale. The Commission concluded that the internal relativities among the grades and steps in the restructured 1 July 1990 scale should not be changed. Accordingly, it believed that the 1 July 1990 scale of pensionable remuneration, subject to any across-the-board adjustments thereof that may become due before the end of 1990 under the adjustment procedure contained in article 54 (b) of the Pension Fund Regulations, should be taken as the appropriate scale of pensionable remuneration after 31 December 1990.

Decisions of the Commission

38. The Commission decided to recommend to the General Assembly that:

(a) Income replacement in New York should continue to be used as the basis for the methodology for the determination of pensionable remuneration of the Professional and higher categories of staff. The relationship between pensionable remuneration amounts for United Nations officials in the Professional and higher categories and for their counterparts in the United States federal civil service would also have to be borne in mind;

(b) The methodology used to establish the 1 April 1987 scale of pensionable remuneration, described in annex II, should continue to be used in future;

(c) The scale of staff assessment shown in annex III should be used in future for the determination of pensionable remuneration for the Professional and higher categories of staff;

(d) The interim adjustment procedure, as amended by the General Assembly at its forty-fourth session, should be continued;

(e) The margin range of 110-120 applicable to net remuneration should also apply for pensionable remuneration;

(f) The procedure outlined under annex IV should be used for the calculation and reporting of the pensionable remuneration margin;

(g) On each occasion the pensionable remuneration margin was calculated, the income replacement ratios applicable over the three-year period ending as at 31 December of the margin year would also be calculated for both the comparator and the United Nations system and reported to the General Assembly;

(h) Following a review of the pensionable remuneration margin and the income replacement ratios, the Commission, in co-operation with the Pension Board, would make appropriate recommendations to the General Assembly, particularly when the pensionable remuneration margin had reached or was forecast to reach the upper or lower limit of the margin range, as long as the authority for such action rested with the Assembly;

(i) Bearing in mind the considerations in the subparagraph (h) above, the scale of pensionable remuneration for the Professional and higher categories of staff in effect as at 31 December 1990 should be used to make adjustments in accordance with the existing provisions of article 54 (b) of the Pension Fund Regulations falling due after 1 January 1991.

2. Monitoring of pensionable remuneration

39. Under its standing mandate from the General Assembly as expressed in resolution 41/208, the Commission continued to monitor the pensionable remuneration for staff in the Professional and higher categories of the United Nations and that of the United States federal civil service employees in comparable grades.

Views of the organizations

40. The Chairman of CCAQ noted that the estimated pensionable remuneration margin for 1990 - including the New York/Washington, D.C. cost-of-living differential - was 116.5. It was also noted that the income replacement ratios calculated after 25 years of service were based on the data available for staff at the top step of the grade and not of average pensionable remuneration levels, which were not as yet available.

Views of the staff representatives

41. The President of FICSA and the representative of CCISUA were of the view that a margin for pensionable remuneration was unnecessary in view of the direct linkage between net remuneration and pensions through the income replacement principle. The lower income-replacement ratio for the United Nations in comparison with that of the comparator civil service was a clear indication that the staff assessment rates used to determine pensionable remuneration were lower than the United States tax rates.

Discussion by the Commission

42. The Commission, in addressing the Assembly's request regarding the study of the desirability of establishing a pensionable remuneration margin range, had examined various approaches for calculating the pensionable remuneration margin and for monitoring the level of pensionable remuneration for the Professional and higher categories of staff. The details of the Commission's consideration of this matter are found in paragraphs 20 to 38 above. Pending action by the General Assembly on the Commission's recommendations under paragraph 38 above, the

Commission has calculated the pensionable remuneration margin in accordance with the procedure outlined therein.

Decisions of the Commission

43. The Commission decided to take note of the pensionable remuneration ratios of 116.5 and 129.7 with and without the cost-of-living differential, respectively, based on the average remuneration amounts applicable for the period 1 January to 31 December 1990. The Commission also noted that the income replacement ratios based on the average pensionable remuneration amounts applicable over the period 1 January 1988 to 31 December 1990 and corresponding to 25 years of service were 56 and 58 for the United Nations and the comparator civil service, respectively. Details of the pensionable remuneration margin calculations are provided in annex V.

3. Pensionable remuneration for ungraded officials

44. As part of the comprehensive review of pensionable remuneration of the Professional and higher categories of staff, the Commission was informed that with respect to participants in the Professional and higher categories, article 54 (b) of the Fund's Regulations incorporates an appendix which sets out a scale of pensionable remuneration. However, that scale fails to define, inter alia, the pensionable remuneration of the ungraded officials, e.g., the executive heads of specialized agencies. The Commission addressed the issue of the pensionable remuneration of these officials in the above context.

Views of the organizations

45. The organizations were of the view that the conditions of employment of the executive heads and those in other ungraded posts, including their pensionable remuneration, were for the governing bodies of the respective agencies to determine. The Chairman of CCAQ, therefore, indicated that it would not be proper for the Commission to enter into a substantive discussion of the matter.

Discussion by the Commission

46. The Commission noted that the Executive Secretary had written to the United Nations Legal Counsel requesting his opinion as to whether the Commission had a statutory responsibility or a mandate flowing either from its statute or from General Assembly resolution 41/208, section I, paragraph 6, to examine the levels of pensionable remuneration for officials in ungraded posts who were participants in the United Nations Joint Staff Pension Fund.

47. In his reply the United Nations Legal Counsel had stated that of immediate relevance was the fact that the present scale of pensionable remuneration (set out in article 54 of the Regulations and Rules of the Pension Fund and the appendix thereto) was established by paragraph 1 of section I of Assembly resolution 41/208 itself, the scale being set out in the appendix to that resolution. That scale was established for participants in "the Professional and higher categories"; and the categories specified were exclusively P-1 to P-5 (for the Professional category) and D-1, D-2, Assistant Secretary-General and Under-Secretary-General (for the higher categories). In his view the phrase "the Professional and higher categories" should be given the same meaning in paragraphs 1 and 6 of section I of resolution 41/208. He added that, while the words "higher categories" in the term "Professional and higher categories", taken by themselves might be regarded as

open-ended, nevertheless, they had been given a limited meaning in the legislative instruments most relevant to the present inquiry. He was therefore of the view that Assembly resolution 41/208 did not mandate the Commission to review the pensionable remuneration of ungraded posts, which did not fall within the specified categories.

48. The Legal Counsel had also examined the statute of the Commission, and in particular chapter III thereof entitled "Functions and powers", and had concluded that there was no provision therein that gave competence to the Commission to review the pensionable remuneration of ungraded posts independently of section I of Assembly resolution 41/208. He had therefore concluded that it appeared that recommendations as to the salary scales (on which pensionable remuneration was based) of executive heads fell outside the mandate of the Commission. He further recalled that in practice the Commission had not made any such recommendations in the past. The Legal Counsel added, however, that that did not mean that the manner of determining the pensionable remuneration of ungraded posts should be unregulated and that ICSC might, if it so desired, bring the issue to the attention of UNJSPF. The Commission noted that the Pension Board had considered this issue at its June 1990 session.

Decision by the Commission

49. On the basis of the above the Commission decided that it would not address the matter of the pensionable remuneration of ungraded officials as it had neither the statutory authority nor the mandate from the General Assembly to do so.

B. Pensionable remuneration of General Service and related categories of staff

50. In its fifteenth annual report the Commission had informed the General Assembly of its decision to include in its work programme for 1990 the subject of pensionable remuneration of the General Service and related categories of staff. 6/ In accordance with this decision the Commission began its preliminary consideration of this matter at its thirty-first session.

Views of the organizations

51. The Chairman of CCAQ stated that, in view of the complexity of the problem, CCAQ would have much to say on the substance of this major element of conditions of service for the General Service and related categories. At the present stage, however, it would be more useful to focus on the modalities and the schedule for the consideration of the item in 1991. The organizations attached great importance to the tripartite consultation process involving, at an early stage, full co-operation between ICSC and UNJSPB. The procedure adopted for the comprehensive review of pensionable remuneration for the Professional and higher categories should also apply to the General Service and related categories.

Views of the staff representatives

52. The President of FICSA agreed with the proposal concerning the establishment of a tripartite working group to consider the matter further. However, the primary responsibility for this issue rested with the Commission and the Commission should, therefore, establish a tripartite working group with the participation of UNJSPB if

necessary. The working group should be mandated to prepare documentation and carry out an examination of the issue with a view to arriving at certain options for submission to the Commission.

Discussion by the Commission

53. On the basis of a preliminary examination of this matter the Commission concluded that the comprehensive review of pensionable remuneration for the General Service and related categories of staff was a complex issue and in order to undertake an in-depth examination of the problem, considerable time and resources would be required. Bearing in mind that it was in the midst of comprehensive reviews of conditions of service of the Professional and higher categories, the Commission was of the view that it was not in a position to allocate the necessary human resources to address the issue of pensionable remuneration for the General Service and related categories of staff in 1990. It therefore agreed that the matter would be placed on its work programme for 1991 as a priority issue.

54. Bearing in mind the close relationship between pensionable remuneration and pension benefits, the Commission was of the view that, as in the case of the comprehensive review of pensionable remuneration for Professional staff, the study for the General Service staff should be also carried out in close co-operation and consultation with the Pension Board. In view of this, and after consideration of the request of the UNJSPB in this regard, the Commission agreed that a joint preparatory working group of some members of the Commission and the UNJSPB, similar to that established for the comprehensive review of pensionable remuneration for the Professional and higher categories of staff, should be convened. The Commission further agreed that, in view of its own working methods, FICSA and CCISUA should also designate one person to join that working group. The Commission agreed that it would designate three of its members to participate in the working group and invite the UNJSPB to designate six members as it had done for the previous working group. The Commission further agreed that the mandate of the working group should be similar to that of the working group established for the comprehensive review of pensionable remuneration of Professional and higher categories of staff.

Decisions of the Commission

55. The Commission decided:

(a) To undertake in 1991, as a priority issue, a comprehensive review of pensionable remuneration and consequent pensions for the General Service and related categories of staff in close co-operation and consultation with the UNJSPB;

(b) To establish a joint preparatory working group of three members of the Commission and six members of UNJSPB, with FICSA and CCISUA each designating one member to join the working group;

(c) To give the working group a mandate to review the preliminary analysis prepared by the secretariats of ICSC and UNJSPB and to develop the documentation for submission to the first meetings in 1991 of the Commission and the Board;

(d) To invite a delegation designated by UNJSPB to attend the Commission's August 1991 session so as to facilitate efforts to arrive at mutually agreed recommendations for submission to the General Assembly at its forty-sixth session.

56. The Commission was informed that the Pension Board, at its fortieth session held in June 1990, had reviewed the arrangements agreed upon by the Commission and concurred with them. The Board also designated six of its members, two each representing the governing bodies, participants and executive heads, to participate in the work of the joint preparatory working group. It was also noted that the Pension Board had decided to convene a special session in February 1991 to consider the documentation developed by the above-mentioned group.

57. The Commission agreed that the meeting of the joint preparatory working group would be held some time towards the end of January 1991. It also agreed to designate three of its members, Messrs. André X. Pirson, Omar Sirry and M. A. Vellodi, to participate, in their individual capacities, in the deliberations of the working group. As indicated in paragraph 55 (d) above, recommendations, mutually agreed between the Commission and the Board, would be submitted to the General Assembly at its forty-sixth session.

CHAPTER IV

CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

A. Comprehensive review of the conditions of service of the Professional and higher categories

1. Housing and remuneration structures

58. In section I of its resolution 43/226, the General Assembly requested the Commission to consider, among other alternatives, the division of the pay package into its major component parts, one of which would be housing. In response the Commission considered during 1989 a number of alternative approaches to the current remuneration structure, which consists of two elements, base salary and post adjustment. Following a detailed analysis, it determined that the possibility of treating housing costs as a separate element outside the post adjustment system should be explored as a priority issue. However, when the Commission, in its 1989 annual report, informed the General Assembly that the matter required further study and that it would report at the forty-fifth session, the Assembly, in section I of its resolution 44/198, having noted with concern that it had not been possible for the Commission to recommend the introduction of a revised remuneration structure for the United Nations common system, urged the Commission to complete its consideration of all issues relating to the introduction of a revised remuneration structure for the United Nations common system, including its impact on margin considerations and on the housing needs of staff in hardship duty stations, and to submit its final and complete conclusions to the General Assembly at its forty-fifth session.

59. The Commission considered this matter at both its thirty-first and thirty-second sessions. Bearing in mind the chronology of the events, the consideration by the Commission at the two sessions is outlined separately below.

Consideration by the Commission at its thirty-first session

60. The Commission considered the report of the Working Group established at its thirtieth session to review all outstanding issues related to the remuneration structure. The Working Group had examined the results of tests conducted by the Commission's secretariat on the impact of removing housing from post adjustment. The Group had examined three alternative remuneration structures. Under structure 1 housing was to be treated as a separate element of the remuneration package for all duty stations. Under structure 2 it was to be treated as a separate element for field duty stations only. In Europe and North America the remuneration package was to be composed as at present of two elements, while at the field duty stations it was to be divided into three distinct elements as described under structure 1 above. Structure 3 was essentially the current system following incorporation of the improvements in the post adjustment system. The Working Group further agreed that, if housing was removed from post adjustment, it would also have to be removed from margin calculations, unless it was intended that housing move freely everywhere except New York.

Views of the organizations

61. CCAQ had analysed each of the three structures presented in terms of the objectives of simplicity, cost-effectiveness, predictability, equity and universality. That had led it to conclude, first, that structures 2 and 3 were not viable options. With reference to structure 2, CCAQ believed that problems of inter-city comparisons were not confined to field locations and thus took issue with the premise on which that structure was based. With regard to structure 3, CCAQ was of the view that to superimpose "improved" weights on the existing system would not fully address the shortcomings of the existing structure and could create new strains and imbalances. In addition, CCAQ had serious problems from the point of view of equity and administrative feasibility with a structure that would, in effect, create two separate remuneration systems.

62. Structure 1 came closest to meeting the objectives of the review. A major perceived advantage of the structure was that the housing allowance established would better reflect actual market costs. It was, however, difficult to see how a better reflection of actual housing costs would emerge at the start-up of the system. CCAQ also had concerns about the practical effects of the structure on margin considerations. A crucial factor was that adjustments to the allowance would largely be effected independent of margin considerations. Unless there was some flexibility in that area, it would be paradoxical to isolate the housing element and then put a cap on it by subjecting housing fully or partially to margin considerations. CCAQ further noted the potential difficulties arising from the separation of housing in regard to both the basis for establishing levels of pensionable remuneration and the adjustments of pensions over time.

63. CCAQ, moreover, was not convinced that the payment of a housing allowance to all staff irrespective of actual housing costs was an appropriate solution. However, CCAQ recognized that it had earlier rejected the reimbursement of actual housing costs at duty stations with large concentrations of staff as administratively unworkable.

64. Taking all the above factors into consideration, CCAQ had concluded that, while structure 1 presented some advantages over the existing system and met some of the desired objectives of a new remuneration structure, it did not satisfy all those objectives and presented a number of risks. On balance, the disadvantages and potential pitfalls of the structure outweighed its advantages. CCAQ had therefore concluded that it would not be appropriate to pursue that option further. CCAQ considered, however, that if housing were to remain within the post adjustment system, means should be sought, as a matter of urgency, to improve the way it was measured. That matter should be re-examined in time for the Commission's thirty-second session.

Views of the staff representatives

65. FICSA concurred with CCAQ's request for the establishment of a tripartite working group that should submit proposals concerning housing to the Commission at its next session. FICSA also agreed with CCAQ on the urgent need to improve the rental subsidy scheme, particularly with respect to the amount paid, the duration of eligibility and the group of staff to be considered. Those suggestions would simplify and bring greater clarity and transparency to the system, but would not improve the conditions of service.

66. In the view of CCISUA, tests had shown that a structure based on the separation of housing from post adjustment could operate well and represented the only overall solution to the problem of housing. However, such a structure could be supported only if certain conditions were met. As the Working Group had noted, if housing was to be excluded from post adjustment, it also had to be excluded from margin calculations. CCISUA could accept the new structure only if the Commission clearly reported to the General Assembly that the choice was between a structure excluding housing from post adjustment and margin control, and the current structure.

67. It was generally recognized that the present system was unsatisfactory and a new structure appeared to be the only way of overcoming present inequities. Should the current structure be maintained, it was difficult to see how the fundamental problems could be solved. CCISUA would however participate in the search for whatever improvements could be achieved in a more limited context, albeit without much enthusiasm.

Discussion by the Commission

68. Members of the Commission noted that the recommendations of CCAQ had changed substantially since ICSC had last considered the question of structure in 1989. One member indicated that the staff had lost an important opportunity for improving equity as well as for enhancing their conditions of service. Another noted that the grand design of a revised remuneration system as the outcome of the comprehensive review was being replaced by a modified current system. Some members welcomed the CCAQ position because it was based on a realistic assessment of the problem. Nevertheless, there was general agreement that it was important that discussion of the issue of structure should proceed on the basis of clear explanations of positions adopted. Accordingly, a number of members sought clarifications as to the reasons that had led CCAQ to present modified views concerning remuneration structure at the current session.

69. In response to queries, the members of the Commission learned that the revised position of organizations was based upon a number of factors, the most important of which were the inconclusive nature of the test results and margin and pension considerations. Some members of the Commission questioned whether the change in position was not based more on disappointing test results than on questions of principle regarding the structure, but that was denied by the Chairman of CCAQ. Others suggested that the earlier revised structure proposals had related more to taking the housing element out of margin calculations than to solving housing problems per se. In that regard, on the basis of the explanation provided by the Chairman of CCAQ and the discussion that ensued, it became apparent that no single factor alone had led to a reconsideration of the relative merits of proposed structures.

70. Some members indicated that they were not prepared to come to a final decision on the choice of the remuneration structure at the thirty-first session. Rather, they wished to understand the current proposals better and to return to them at the thirty-second session in the light of the further elaborations that were requested. Members noted that, while the Working Group had fulfilled its mandate, not all outstanding questions regarding the three structures had been answered. In particular, the detailed modalities for margin control under structures 1 and 2

were unclear. Mechanisms to slow down the movement of housing costs at a time when the net remuneration remained frozen as a result of margin range considerations had not been specified. Several members expressed the view that, if a housing allowance was to be adjusted outside the margin range, the extent to which the allowance would be pensionable would have to be considered.

71. Some members voiced concern that a decision might be taken hastily at the current session. However, it was also noted that deferral of a decision to July would result in logistical problems for the Pension Board in fulfilling its role in the current comprehensive review of pensionable remuneration of the Professional and higher categories. Nevertheless, members in general agreed that it was essential that a sound position on structure should be arrived at for recommendation to the General Assembly at its forty-fifth session. Accordingly, it was noted that the Pension Board could proceed with its work, taking into account the possibility that the Commission might make a decision either for or against a revised structure.

72. Commission members noted that the CCAQ proposal for a working group to consider housing and structures had been supported by staff representatives. They emphasized however that, should such a group be established, it should undertake a technical review of possible solutions to well defined problems. Accordingly, such a group should first produce a coherent statement of existing problems in relation to housing in the context of post adjustment system. The group should then review the contribution that each of the three structures, however modified, could make to a solution of the problems identified. It was generally agreed that the review should provide an appropriate rationale for whatever recommendation ICSC at its thirty-second session would make to the General Assembly at its forty-fifth session.

73. On the basis of those considerations the Commission decided to establish a Working Group composed of members of the secretariat of ICSC, CCAQ, FICSA and CCISUA to study further the treatment of housing and related issues under the remuneration system. The detailed mandate of the Working Group is reproduced as part A of annex VI to the present report.

Consideration by the Commission at its thirty-second session

74. The Commission at its thirty-second session received the report of the Working Group that it had set up at its prior session. The Working Group report, together with the report of the fifteenth session of ACPAQ, constituted the basis on which the Commission continued its consideration of housing and remuneration structures. The Working Group report presented a detailed statement of problems associated with the treatment of housing under the present remuneration system as well as a summary of advantages and disadvantages identified in respect of the structures 1, 2 and 3. In addition the report outlined an alternative for the treatment of housing under the present remuneration system including modifications to the rental subsidy scheme and to the measurement of housing costs in the post adjustment system.

75. The Working Group reported on the following problems associated with the treatment of housing under the present remuneration system: inequity, imprecise measurement, the difficulties experienced with the current rental subsidy scheme and the effect of rising housing costs under a post adjustment freeze. The Working Group also noted that, under the present remuneration system, rental subsidies were paid only to staff members who rented their dwellings and homeowners were excluded

from its application. The Group noted the implications for the rental/purchase decision of a staff member but the issue of home ownership by staff members was excluded from consideration as those matters went beyond its terms of reference. A summary of the Working Group's consideration of problems of housing in the present remuneration system is provided in annex VI.

76. The relative advantages and disadvantages of the three alternatives to the current remuneration structure that were proposed to the Commission for its consideration were the subject of extensive discussions in the Commission at its thirty-first session (see paras. 68-73). The Working Group reported further on the subject, which revealed that while each proposal had a number of advantages and disadvantages it was not possible to arrive at an unequivocal position as to which was the best structure in principle.

77. As a result of the work of the Working Group the Commission had before it a proposed set of measures for the improvement of the treatment of housing with the present remuneration system. These measures may be summarized as follows:

(a) The retention of the approach entailing housing comparisons as a general rule. One exception would be small duty stations where such comparisons were difficult;

(b) The use of post adjustment indices based on gross rather than net rents;

(c) A modified rental subsidy scheme;

(d) The use of external data sources and housing standards to provide objective information on market prices for time-to-time measurements.

Views of the organizations

78. The Chairman of CCAQ informed the Commission that CCAQ had carefully studied the report of the Working Group on housing and remuneration structure. On the issue of an alternative for the treatment of housing under the present remuneration system, CCAQ, after carefully taking into consideration the views expressed by ACPAQ, reaffirmed its earlier conclusion that on balance, housing should not be treated as a separate element of the remuneration package. CCAQ welcomed the proposed rental supplement scheme as it would go a long way towards redressing the anomalies, inequities and inadequacies built into the existing rental subsidy scheme. Notably, (a) it removed the differentiation in treatment between headquarters and field duty stations, (b) it provided more realistic eligibility conditions, (c) by operating as a supplement rather than a self-financing subsidy, it removed the dampening effect built into the current scheme, and (d) by using gross as opposed to net rents in the calculation of PAIs, it would provide for a better reflection of the housing element. Those innovations responded to concerns that CCAQ had expressed on a number of occasions. It was CCAQ's understanding that a revised rental supplement scheme could be introduced at an early stage and before almost all the other proposals for the treatment of housing in the post adjustment system. The two issues, while interrelated, were independent of each other and could be treated separately.

79. Referring to the proposals for the treatment of housing within the post adjustment system, CCAQ was of the view that the definition of what constituted a

"small" duty station needed very careful consideration, which should extend to the manner in which housing was treated in those duty stations and the method of computing the post adjustment index at such locations. The Chairman of CCAQ indicated the need for the further elaboration of standards used in connection with time-to-time surveys. Specifications to be used in conjunction with obtaining market prices from external data sources would also need to be worked out with precision. He expressed satisfaction at proposals to move towards much greater use of external data sources which CCAQ has been advocating for several years.

80. It was observed that the use of gross rents rather than net rents for the calculation of post adjustment indices was a very useful step forward in the process of finding a better way to reflect housing in the post adjustment system. It would clearly be necessary to introduce such a measure at the same time as the new rental supplement scheme in order to avoid the downward spiral syndrome.

Views of the staff representatives

81. The President of FICSA stated that one of the main objectives of the review had been the elaboration of an equitable and durable rental supplement scheme that would not be unduly influenced by the situation of individual staff members. The proposal to use gross instead of net rents for establishing relativities was an improvement. FICSA would nevertheless continue to advocate the use of market prices as the only objective basis. Gross rents should be introduced gradually in order to avoid any disruptive effects resulting from a change in methodology. FICSA believed that there should not be differential treatment of staff at the D-1 and D-2 levels. FICSA reiterated its earlier position that the separation of the housing component from post adjustment was not the remedy for the ailing remuneration system. It was the Commission's responsibility to inform the General Assembly that the present methodology of comparison with the United States civil service and the operation of the post adjustment system within an outdated margin range had yielded unacceptable results, i.e. insufficient levels of pay and prolonged freezes. As long as annual salary increases for United States civil servants lagged behind inflation, the maintenance of a margin would inevitably result in a freeze; the bigger the difference between inflation and salary adjustment in the comparator, the longer the freeze would last in the United Nations system. Given the evolution of United Nations remuneration and the serious losses in purchasing power at most headquarters duty stations, the staff would oppose any further freeze. The President of FICSA urged the Commission to find as a matter of utmost urgency a healthy basis for the remuneration system by considering, inter alia, the inclusion of the private sector in the comparison, the redefinition of a realistic margin range or, alternatively, its abolition. To maintain the present system would constitute a great danger for the continued existence of the common system. He expressed his total disagreement with the comments by a member of the Commission in paragraph 94 below questioning the motives of the Working Group.

82. The representative of CCISUA stated that the comprehensive review of the conditions of service of the Professional and higher categories had been undertaken in order to refashion a remuneration system that had been seriously disrupted by the incidence of external as well as internal factors, including the organization's financial crisis. She said that, since housing seemed to be the major source of difficulty, the initial proposal had called for the separation of this element in the remuneration structure. Regrettably, this option had been discarded, largely through fear of the unknown consequences which such a radical approach might have.

Two main elements in the proposal were identified as being closely related, namely, the extension of the rental subsidy and the use of gross rents as a first step towards the use of market rates. The use of gross rents was necessary in order to correct the deleterious effects on salaries of the downward spiral created by the use of net rents for PAI calculations. In her view it was now time for the General Assembly to understand that, given the constraints imposed on the margin, which, in turn, was determined by the vagaries of political decisions on salary matters in the comparator civil service, it was virtually impossible to find a rational overall solution to the problems of the remuneration system.

Discussion by the Commission

83. Some members of the Commission expressed disappointment with the report of the Working Group. They believed the Group should have further analysed each structure proposed including questions of margin control and the calculation of pensionable remuneration. To those members the Working Group appeared to have dismissed structure 1, using arguments which were not convincing to all members. Some of the disadvantages listed were in fact the advantages that had led the Commission, in the previous year, to inform the General Assembly of its preference for a structure, wherein housing was treated separately. Some members still thought that a new system based on the exclusion of housing from post adjustment would solve the problems of inter-city comparisons, equity and simplicity. It was pointed out, however, that a number of the key problems concerning pension and margin were not solely technical in nature.

84. Some members of the Commission also noted that in 1989 the Commission had reported to the General Assembly the desirability of a salary structure that separated housing from post adjustment comparisons. Other members however recalled that the 1989 annual report to the General Assembly had not reported a decision but rather indicated clear reservations about taking a position before completion of further studies of problems related to that structure.

85. After hearing detailed explanations provided by the secretariat of the Commission regarding technical and operational problems that had surfaced during the testing and simulation phase of the several salary structures studies by the several Working Groups, ACPAQ and the Commission, some members of the Commission agreed that the separation of housing from the post adjustment system could lead in practice to serious distortions and even to the disruption of the post adjustment system. Others were of the view that they did not have sufficient information on the Working Group's report to decide either in favour or against the separation of housing. The proposals of the Working Group did not solve all the problems and would not represent a reform of the system, as envisaged by the Commission before, but would contribute in fact to improving and simplifying the system and reducing some inequities still existing in the system. One member was of the view that housing should be separated from the remuneration package now.

86. The Commission agreed that the presentation of the final report to the General Assembly could not be further delayed and that the proposals of the Working Group, with some amendments proposed by ACPAQ and improvements introduced during the session, should be adopted. Nevertheless, members believed that the Commission should continue studying methods that could lead to the complete separation of the housing component from other elements of the remuneration package.

87. Some members of the Commission inquired as to why the Working Group had recommended that post adjustment measurements for housing purposes should be based upon housing prices rather than housing costs. It was explained that the Working Group recommended this as a desirable objective in the long run but that it was not for immediate implementation as there were a number of outstanding technical problems as well as the likelihood that its sudden introduction could have a disruptive effect on post adjustment relativities. It was also indicated that all other elements of the post adjustment system were compared on the basis of weights and prices rather than on costs. It was noted the use of costs as opposed to prices for housing was one of the causes of the downward spiral whereby the use of net rents combined with housing cost comparisons under conditions of rising market rents and post adjustment freezes had led to a progressive reduction in the standard of housing accommodation. Comparisons based on costs were comparisons between unspecified amounts and quality of housing at each duty station. Use of prices would require standardized comparisons in terms of the important variables of quality, location and size. Additionally, the use of housing prices as opposed to costs would have the advantage of providing objective data reflecting market realities. Present use of costs meant that the system was heavily dependent on staff co-operation in surveys and even when response rates were adequate the results suffered from circularity in that the housing acquired by staff members was a function of their income levels yet those very income levels were established by a mechanism which in part was a function of the amount spent on housing.

88. Members also inquired as to the rationale for changing from net to gross rents in calculation of the housing costs component of the post adjustment index. It was explained by the secretariat that the use of gross instead of net rents would reflect correct relativities and that as the base is subject to margin control it would not change as a result of using either gross or net rents but correct relativities with other duty stations could only be ensured through use of actual unadjusted (i.e. gross) rents for price relatives. ACPAQ had confirmed the technical soundness of this arrangement. The need for the change arose because the past use of net rents for post adjustment caused a systematic divergence of gross and net rents over time as new high rents reflecting recent inflation were directed into subsidy payments rather than into the post adjustment index, which as a result was artificially depressed as it reflected only net rents. It was also noted that there were problems with the current arrangements as post adjustment was based on net rents which were a function of subsidies paid, while at the same time subsidy payments were also a function of post adjustment levels. It was therefore necessary to use gross rents (i.e. actual rents) as an external objective factor for the determination of relative post adjustment levels. At the time of the implementation of the new system, some duty stations with average subsidies lower than New York, including Washington D.C., would experience some reduction in post adjustment indices, in the order of 1 to 2 per cent. However, the small decrease would probably be compensated over time, because a time-to-time housing survey based on gross rents would reflect more precisely the movements of market prices for housing. The Commission also noted the secretariat's explanation that the imputation of gross rents for homeowners would have a small effect in the calculations. Up to now housing costs for homeowners had been taken into consideration both in weights and ratios for housing but the average net rent calculated for renters had been used to impute rents for homeowners. The proposed change would result in a slight increase in the weights for housing in places with a large proportion of homeowners and the effect would be similar to the one

referring to changes from net to gross rents in post adjustment calculation. At the time of introduction of the system some reduction in the post adjustments was expected in some duty stations, but if housing prices continued rising faster than other consumer prices, the post adjustments would increase slightly faster over time.

89. Questions were asked regarding the anticipated provisions of a revised rental subsidy scheme. In particular, inquiries were made as to why headquarters and field schemes should be treated equally, and why the regressive time-limited subsidy formula for headquarters should be modified to reflect the same provisions as exist in the field. It was recalled that the present headquarters formula provides for reimbursement of 80 per cent excess rent above threshold levels for a two-year period, followed by 60 per cent the third year, 40 per cent for the fourth year and 20 per cent for the fifth year. It was pointed out that a difference of treatment for the two areas was a departure from the principle of maintaining equitable treatment through equalizing purchasing power parity at each duty station. The Commission noted that the Working Group had reported on the problems associated with the operation of the existing rental subsidy schemes in the field and at headquarters. The Working Group had noted that while the headquarters scheme included a time limitation and a regressive reduction in subsidy amounts over a five-year period, the field scheme had neither. The Working Group had also reported that, while the purpose of the scheme was to provide relief for staff facing rent-to-income ratios higher than the average, the scheme at headquarters systematically undercut its own purpose owing to the automatic operation of the regressive formula and the time-limits. Consequently, the withdrawal of rental subsidy support from staff who still faced rent-to-income ratios above the average meant that the basic tenet of equity was not well served. The arrangement led to actual hardship in some cases, with staff being forced to move from their accommodation as rental subsidy provisions either expired or diminished. Some members of the Commission did not agree with the Working Group that the staff at headquarters and field duty stations should be treated in the same way for the purposes of rental subsidy scheme.

90. As regards the recommendation to discontinue use of a regressive reimbursement formula at headquarters, it was also explained that this was necessary as experience had shown that the arrangement undercut the purpose of rental subsidy, which was to promote equity among renters at a duty station regardless of their arrival date. Other disincentives against the acquisition of unnecessarily expensive housing already existed. These controls or disincentives were as follows:

(a) Staff members have to contribute a minimum of 20 per cent of excess rent;

(b) Thresholds were set 2 percentage points (of income) above the average of gross rents;

(c) The maximum reasonable rent system explicitly precludes the rental of expensive housing of a size or quality inappropriate for staff.

In addition it was noted that the time-limit of five years and the automatic regressive reduction of 80 per cent to 0 per cent as regards subsidy of excess rents would, under certain circumstances, occur before the staff members' rent/income ratio had fallen naturally to the level of the rent/income ratio implicit in the post adjustment level. In this regard the Commission noted that

the Working Group had reported that the original proponents of the headquarters scheme had believed that in the long run as newly arriving staff members remained at the duty station beyond the five-year cut-off period and ceased to benefit from the rental subsidy scheme because of the time limitations and the regressive formula, their higher than average rents would eventually lift the post adjustment index. However, as the introduction of the headquarters scheme was soon followed by a freeze, incomes did not rise sufficiently vis-à-vis housing costs with the result that the newcomers' rent-to-income ratios did not fall over time as had been assumed. As a result of the freeze the rental subsidy scheme had to be modified to extend the time limitations on benefits. Nevertheless, the rent-to-income ratios of newcomers remained uncomfortably high even as they remained at the same duty station beyond the five-year cut-off period, with the result that some had to move to cheaper accommodations at the end of their eligibility period. Further, the fact that gross and net rents had diverged rather than converged over time meant that place-to-place housing cost relativities were distorted by the use of net as opposed to gross rents in the post adjustment index. In effect the headquarters rental subsidy scheme by virtue of its design had reinforced the downward spiral as the current regressive formula deprived the staff member facing higher than average rents of needed support before he or she had the chance to adjust normally. Such normal adjustments could be anticipated when income rose faster than rents, as is usually the case, due to annual within grade increments and the normal operation of the post adjustment system in response to inflation.

91. Members noted that due to problems of comparison of housing in small duty stations it would be appropriate to make different arrangements for handling housing costs. The specific arrangements that would best meet the needs of these exceptional situations were however a matter of considerable discussion. An alternative to the Working Group proposal was considered whereby comparisons would not be made on a place-to-place basis but housing provision would be maintained inside the post adjustment system using locally based time-to-time housing indices. However, it was felt this could not be pursued as it relied upon the existence of data which was not generally available at such duty stations. The arrangements for reimbursement of housing costs up to a reasonable maximum were therefore preferred. However, it was noted that such arrangements should be pursued only on an experimental basis so that a determination could be made as to the effectiveness of the arrangements.

92. Several questions were asked as to the controls that would exist in the modified system to keep costs within reasonable bounds. The members were informed that the matter had been considered both by the Working Group and by ACPAQ and could be considered under four headings:

(a) Time-to-time comparisons;

(b) Housing standards;

(c) Place-to-place comparisons;

(d) Rental subsidy provisions.

As regards the time-to-time comparisons, it was observed that the time-to-time indices based on external data were to be structured so that they related to the areas where most of the staff live, the size and type of dwellings in the index

would reflect the structure of the United Nations population, and the rents would include a mix of both newly rented and longer-term rental properties. In other words the index would be linked to reality rather than to aspirations. As regards housing standards, those would be controlled through careful specification of entitlements by family size, locations used, the type of facilities and the applicable income levels. Those specifications would ensure that the housing standards, when applied to the maximum reasonable rental provisions of the rental subsidy scheme, would be objective and act as a disincentive against acquiring unnecessarily expensive housing. In addition it was noted that the place-to-place housing comparisons would continue to be made by survey of the actual United Nations population.

93. As regards evaluation of the new rental subsidy arrangements at headquarters, it was agreed that careful monitoring of the results was essential to preclude the possibility of long-term problems arising again from the system operating in an unintended manner. Accordingly, the headquarters scheme was agreed to on an experimental basis with evaluation to be undertaken after a full three years of operation. Members insisted that no changes in the provisions could form the basis of acquired rights.

94. After recalling the views expressed earlier by the Commission on the separation of the housing component from the remuneration structure, 7/ one member of the Commission disassociated himself from the consensus reached by the Commission on the partial corrective measures for the treatment of housing given their uncertain impact and the difficulty of gauging their possible repercussions. The measures proposed, he added, did not constitute an adequate, global response to General Assembly resolutions 42/221 and 43/226 dealing with the comprehensive review of the remuneration structure and, in particular, of the housing component. In his opinion, the Group, because of fear of the unknown, the weight of disparate vested interests and a concern to preserve the present level and procedures for the establishment of pensionable remuneration, had prematurely set aside the possibility of separating, either totally or partially, the housing component from the remuneration structure. Unfortunately, in the long run the international civil service as a whole would suffer from such a lack of foresight. A member of the Commission expressed the view that those comments were an unwarranted attack on the motives of the Working Group and, therefore, inappropriate in a technical discussion of the issue.

Recommendations of the Commission

95. The Commission invited the General Assembly to note that, under its statutory authority, it was empowered to take decisions concerning post adjustment and rental subsidy matters. However, bearing in mind that its proposals outlined below in this area form an integral part of the overall conditions of service of the Professional and higher categories of staff arising from the comprehensive review and that significant financial implications were associated with these proposals, the Commission considered that it would be appropriate to make recommendations to the General Assembly concerning the treatment of housing within the remuneration system and the revised rental subsidy scheme. In view of the above, the Commission decided to recommend to the General Assembly that:

(a) The treatment of housing within the remuneration system should be improved by a series of measures focused to distinguish between duty stations where

housing could be maintained within the post adjustment system and those duty stations where housing should be separated from the post adjustment system. Housing should be maintained in the post adjustment system in Group A duty stations covering headquarters, North American and European duty stations and field duty stations where housing comparisons could be made without serious difficulty. Housing would be excluded from the post adjustment system for duty stations in the field where valid housing comparisons were difficult or impossible. These would constitute Group B duty stations.

(b) The treatment of the housing component in the calculation of post adjustment indices at Group A duty stations would be as follows:

(i) Place-to-place comparisons of housing costs would be retained as an integral part of the post adjustment system;

(ii) Post adjustment indices would incorporate housing cost relativities derived from gross, in place of net rents, so as to reflect correct place-to-place housing cost relativities. In the case of homeowners imputed gross rents would be used;

(iii) Time-to-time adjustment of the housing component of the post adjustment index would be governed by housing price indices using external data as recommended by ACPAQ and as defined as follows:

a. The areas covered must meet accepted standards in terms, inter alia, of safety, commuting distance, the availability of shopping and the adequacy of public services and should, in principle, be areas where most of the staff currently in the duty station reside;

b. The size and type of dwellings should reflect the structure of the common system population, the existing combination of common system renters and homeowners for the areas selected, and should not be below minimum housing standards in terms of dwelling size relative to household size;

c. If feasible, rents used for computing housing relativities should be obtained for both newly rented and other dwellings;

d. If feasible, the index should be weighted to reflect characteristics of the common system population in the selected areas as regards size and type of dwelling and the period of residence in the dwelling. The components should be those already included by decision of the Commission;

(iv) Revised rental subsidy scheme: at Group A duty stations eligible staff members would be entitled to rental subsidies. A unified revised rental subsidy scheme would apply at both headquarters and field locations where housing comparisons are carried out through the post adjustment system. However, at the headquarters locations the revised scheme would be applied on an experimental basis subject to a full review and modifications as appropriate after three full years operation. Under the revised scheme the current regressive reimbursement formula at headquarters (80, 60, 40, 20 per cent) would be replaced by a uniform 80 per cent reimbursement rate. This reimbursement rate would remain

applicable until the rent/income ratio of a staff member fell to the level of the threshold. Hence no predefined time-limit would be attached to this benefit and consequently the current five-year limitation period would be discontinued. The revised entitlements would be instituted for headquarters and other North American and European duty stations on an experimental basis and would not be deemed to constitute acquired rights;

(v) Maximum reasonable rents (headquarters and field): rental subsidy payments for staff from P-1 to D-2 would be subject to maximum reasonable rents which would be set at a point equivalent to three quarters of the range of rents applicable for the duty station as determined by external sources using specifications based upon the duty station housing standard (see (f) below). Application of this disincentive to acquiring unnecessary and luxurious accommodation would mean the present rule limiting the maximum subsidy to 40 per cent gross rent would no longer be necessary;

(vi) Housing standards (headquarters and field) would be developed by the ICSC secretariat for use in connection with the time-to-time updating of housing costs as well as for determining maximum reasonable rents for the housing schemes. The elements of these for each duty station would be based on the following:

a. Application of an appropriate housing standard to relate dwelling size to family size;

b. Type of facilities - furnished/unfurnished;

c. Type of dwelling - house/apartment;

d. Location defined to ensure that the ACPAQ criteria as regards security, commuting time, adequacy of public services, etc., are adequately met;

e. Quality defined to ensure that any sub-standard dwellings were excluded;

(vii) Threshold levels (headquarters and field): a simplified method would be used to calculate these in the future by adding 2 percentage points to average gross rent-to-income ratios;

(viii) Eligibility (headquarters and field): eligibility for rental subsidy payments would be as shown below:

a. Those already in receipt of rental subsidy at the time of introduction of the new scheme;

b. Newcomers to the duty station;

c. Those forced to change accommodation owing to changes in the family size;

d. Those forced to moved as a result of the deterioration of security in the current location;

e. Those wishing to move to housing of an acceptable standard from their current accommodation below the defined standard;

f. Force majeure situations, including forced eviction, demolition, conversion to co-operative/condominium and a combination of unreasonable rent increases linked with a resulting rent/income ratio above threshold levels.

(c) Treatment of housing at Group B duty stations

(i) These duty stations could be identified using as criteria the presence of some or all of the following, or similar, conditions:

a. Small numbers of staff at a duty station;

b. High staff turnover at the duty station;

c. Widely disparate housing costs;

d. Government-provided housing;

(ii) Housing costs at each duty station would be reimbursed up to a reasonable maximum and the post adjustment index would be calculated using the following procedures:

a. A PAI would be calculated on the basis of comparisons of prices of all items of expenditures, except housing;

b. Actual housing costs incurred by staff members would be reimbursed fully up to a reasonable maximum determined in accordance with the market rates and the family situation of the staff member;

c. The total remuneration package of the staff member would consist of base salary, post adjustment, as appropriate, and reimbursable housing costs, it being understood that the sum of those elements would be subject to a floor equal to base salary;

(iii) To start with, these experimental arrangements would be implemented at approximately 25 duty stations in the field, to be selected by the Chairman of the ICSC in consultation with the organizations and staff. The selection would be on a broad geographical basis including some duty stations where external data sources are available.

96. The revised procedures for the treatment of housing at these duty stations would be subject to review and evaluation after a full three years of operation. On the basis of the experience gained, the ICSC would consider modifying the arrangements as appropriate, in particular in reviewing the criteria in paragraph 95 (a) above. Entitlements provided under this scheme would not be recognized as constituting any acquired rights.

Financial implications

97. The Commission noted that its recommendations would result in some financial implications. The estimated financial implications considered by the Commission were calculated on the basis of the best available information. These calculations were also based on a number of assumptions that had to be made in the absence of actual data. The latter element underscores the very tentative nature of the estimates and the amounts shown below should be regarded as indicative rather than definitive.

		$US million
(a)	For those already in receipt of rental subsidy and newcomers:	
	(i) Reimbursement at 80 per cent for all [recommendation (b) (iv)]	1.2
	(ii) Elimination of the 40 per cent limit for payment of subsidies [recommendation (b) (v)]	0.3
(b)	For staff moving to more appropriate dwellings [recommendation (b) (viii)]	1.3
(c)	Elimination of the time limitation [recommendation (b) (iv)]	1.0
(d)	Full reimbursement up to reasonable maxima at Group B duty stations [recommendation (c) (ii)] costs	1.0
	Total	4.8

98. The substitution of gross for net rents in place-to-place comparisons would generally have little effect on relativities between other headquarters duty stations and New York. Consequently, no significant increase in costs was anticipated. It was noted that it might be possible to achieve some small savings because the relativities for housing costs between New York and some duty stations could go down with the above substitution. It was, however, noted that it was possible that the New York/Washington, D.C., cost-of-living differential would widen by between 1 and 2 per cent. The impact of the change in the New York/Washington, D.C., cost-of-living differential would only be felt if the margin were at either the lower or the upper limit of the range. It is conceivable that in view of the margin range considerations the granting of a post adjustment increase, which becomes due in New York, may have to be postponed by a few months. If the cost-of-living differential between New York and Washington, D.C., widens by, say, 1 per cent as a result of the use of gross versus net rents, then the period of postponement may be shortened by one or two months. Consequently, the anticipated savings in costs associated with the postponement would be reduced. The Commission estimated that in the event the above situation occurred, there would be a one time cost of some $3.2 million in terms of salaries and pensionable remuneration relating to a 1 per cent widening of the cost-of-living differential.

2. Overview of allowances and the granting of expatriate entitlements to staff members living in their home countries while stationed at duty stations located in another country

99. In its resolution 43/226, section III.B, the General Assembly had requested the Commission to include, as an integral part of the comprehensive review, a study of the purpose and conditions of an education grant and the purpose and methodology for dependency allowances for staff in the Professional and higher categories. The Commission's consideration of the various allowances for the Professional and higher categories of staff was reported in its fifteenth annual report. 8/

100. In its resolution 44/198, section 1.G, the General Assembly requested the Commission to collect the necessary information on the practices of the organizations of the United Nations common system regarding the granting of expatriate entitlements to staff members living in their home countries while stationed at duty stations located in another country in order to assess the feasibility of harmonizing practices among organizations. The Assembly also requested the Commission to reconsider the methodology for the determination of dependency allowances in the light of the tax practices of the comparator. It further requested the Commission to provide an overview of the package of common system allowances, including the level, rationale and procedure for review of each allowance, inter alia, by reference to the package of allowances provided by the comparator, and to report on these matters at its forty-fifth session.

Views of the organizations

101. The Chairman of CCAQ noted the factual catalogue of allowances and benefits available to staff of the United Nations system by reference to those provided by the comparator. The format of the presentation was useful. As regards the General Assembly's request for a review of the methodology for the determination of dependency allowances, he recalled the Commission's decision to examine the matter only when the necessary tax data had been provided by the comparator. Since that information was not yet available, CCAQ assumed that no further action would be taken on the matter at the present stage.

102. With regard to the granting of expatriate entitlements to staff members living in their home country while serving at duty stations in another country, he noted that the issues raised were complex and required further reflection by all concerned.

Views of the staff representatives

103. The representative of FICSA stated that the Federation would need to devote considerable time to study the matter of the overview of allowances, which had not been possible due to the late distribution of the document. That referred in particular to that part of the document dealing with expatriate entitlements, which required careful review, including the legal aspects and the jurisprudence of the Tribunals. FICSA had always advocated the use of a total compensation methodology in comparing entitlements in the United Nations system and those in the United States federal civil service, and it objected to a piecemeal approach such as that taken in the document under discussion. The information to be presented to the General Assembly must be complete and factually correct to make any meaningful comparisons.

104. The President of CCISUA regretted that the General Assembly had not approved the Commission's proposal establishing the children's allowance as a percentage of total pay at the duty station, which would have ensured automatic cost-of-living adjustments. As regards the review of dependency allowances requested by the Assembly in its resolution 44/198, CCISUA felt that the current practice of basing social benefits on an average of headquarters duty stations remained valid. CCISUA strongly felt that the social benefits between the Professionals and the General Service staff should be equalized through these various allowances. The issue of the expatriate entitlements, he felt, should be examined more closely from the point of view as to why some organizations grant these entitlements while others do not. The representative of CCISUA stated that the true comparator of the United Nations was the foreign service of the United States.

Discussion by the Commission

105. The Commission observed that the mandated review of dependency allowances in the light of comparator tax practices could proceed only on the basis of careful and detailed analysis of those tax data. Members took note of the preliminary analysis provided by the secretariat and of the indication that comparator tax data were not yet available. Accordingly, it was agreed to revert to the matter as soon as the necessary information had been provided by the comparator's tax authority.

106. The Commission examined the detailed information regarding various allowances applicable to the United Nations staff from the Professional and higher categories and their counterparts in the comparator civil service. This information is provided in annex VII.

107. As regards the request of the General Assembly to collect the necessary information on the practices of the organizations regarding the granting of expatriate entitlements to staff members living in their home countries while stationed at a duty station located in another country (see annex VIII), with a view to assess the feasibility of harmonizing practices among other organizations, the Commission concluded that this was a delicate and complex issue. It noted that that specific issue and any recommendations relating thereto would result in implications primarily for French nationals assigned to Geneva and living in France. The Commission noted that the staff rules and regulations of the organizations differed in this regard. It further noted that the United Nations and its affiliated programmes followed the United Nations staff rules and regulations, which did not grant expatriate entitlements to their staff members falling in the above category. Some of the other organizations, however, granted such entitlements to their staff falling in the above category. These organizations and the number of staff members affected were as follows:

Organization	No. of staff affected
ITU	12
WMO	6
WIPO	11
ILO	35
WHO	50
IAEA	1

108. Some members of the Commission were of the view that in view of the complexities surrounding this matter no hasty decision should be taken, as such a decision would result in serious consequences including appeals before the tribunals. Others felt, however, that in spite of the delicate nature of the subject and legal implications, a proposal could be submitted for the organizations listed under paragraph 107 above to harmonize their practices concerning expatriate entitlements for nationals living in their own country and assigned to a duty station outside their country with those of the United Nations. A proposal was made that would protect the acquired rights of serving staff members while discontinuing this practice for staff who joined the system on or after 1 January 1991. On balance, however, the Commission concluded that the matter should be studied further in close consultation with the legal departments of the organizations.

Decisions of the Commission

109. The Commission decided:

(a) To take note of the preliminary report of the secretariat on the treatment of dependency allowances and it agreed to revert to the matter as soon as the necessary tax data for the comparator country becomes available;

(b) To present the information regarding the allowances applicable to the Professional and higher categories of staff of the common system and those for the comparator civil service, as outlined under annex VII, to the General Assembly;

(c) To study the issue of expatriate entitlements granted to staff living in their home countries while assigned at duty stations located in another country in close consultation with the organizations with a view to submitting a report thereon to the General Assembly at its forty-sixth session.

3. Conditions of service of the Assistant Secretary-General and Under-Secretary-General and equivalent levels

110. The conditions of service of the Assistant Secretary-General and Under-Secretary-General and equivalent levels were reviewed by the Commission as part of its review of the conditions of service of the Professional and higher categories in 1989. Further study of this item was deferred to 1990.

111. The Commission therefore reviewed the following issues:

(a) Pay comparability;

(b) Housing;

(c) Pensions;

(d) Allowances including representation (hospitality) allowances.

In this review the secretariat drew the Commission's attention to the following functional characteristics as being peculiar to the ASG/USG levels of Assistant Secretary-General and Under-Secretary-General:

(a) These were fixed-term appointments and in many cases of a relatively short duration;

(b) The appointments were for positions that included, in some cases, a representational component as an integral part of functional responsibilities;

(c) The appointees were predominantly government nominees on some form of secondment, often in the case of the United Nations, from the diplomatic service. Annex IX provides a breakdown of sources of recruitment of the current Assistant Secretaries-General and Under-Secretaries-General levels of the United Nations as at 31 May 1990;

(d) The appointees were senior in terms of qualifications, experience and age.

Views of the organizations and staff

112. The Chairman of CCAQ noted that while there was a similarity among the staff who were employed as Assistant Secretaries-General and Under-Secretaries-General in the United Nations in different locations, there was much less similarity among the staff members in the higher categories who were employed in other organizations. For example, while Assistant Secretaries-General and Under-Secretaries-General were often appointed from outside the United Nations on a political basis, senior staff in the specialized agencies were often either elected by the governing bodies or became assistant or deputy Directors-General at the end of a long career. As a result of the diversity among staff who should be covered by the current review, but who were not referred to in detail in it, CCAQ found it difficult at the current stage to make substantive comments. Moreover, before CCAQ could comment further, the issues raised would need to be looked at by ACC where this matter would also need to be discussed on a common system basis.

113. The representative of UNESCO stated that a number of positive proposals were addressed in the Commission's review, which, if recommended by the Commission and approved by the General Assembly, would go a long way to improving the conditions of service of common system officials of the Assistant Secretary-General and Under-Secretary-General levels. He emphasized in particular the need to ensure that the senior officials concerned had affordable housing facilities commensurate with the exigencies of their important responsibilities and functions. The representative of ITU indicated that as far as the scope of the current study was concerned, the Commission's consideration should be limited to Assistant Secretary-General/Under-Secretary-General and equivalent levels and not extend into the conditions of service of other ungraded officials. Such officials were on terms of service determined by the governing bodies of their organizations and in many cases were elected rather than appointed. The representative of the United Nations welcomed the proposals and said that he believed that they represented a useful basis for pursuing very necessary improvments in an area which had unfortunately been neglected to date. The staff representatives did not present views on the subject.

Views of the Pension Board

114. The Commission was informed by the Secretary of the Pension Board that under the Board regulations only the Secretary-General of the United Nations was not included as a staff member (with six months or more of service); all other staff members above D-2 level were included. He also recalled that in 1987 when the

Commission had made recommendations with regard to Assistant Secretary-General/ Under-Secretary-General pensionable remuneration levels, the General Assembly had not questioned its jurisdiction although it disagreed with its recommendation at the time.

Discussion by the Commission

115. The Commission discussed its authority to make recommendations on this item, noting that all salary scales for the Professional and higher categories recommended by the Commission contained levels for Assistant Secretary-General/ Under-Secretary-General. Furthermore, recommendations made by the Commission on all allowances applied to this group of staff. With regard to the representation allowance, which was set prior to the establishment of the Commission, both articles 10 and 11 could be interpreted to include the Commission's jurisdiction in this regard.

116. The Commission recalled that it had carried out several grade equivalency studies with the comparator to determine whether net remuneration levels at the Assistant Secretary-General/Under-Secretary-General levels were appropriate vis-à-vis those of the comparator. Efforts at establishing grade equivalencies had failed, however, since neither the comparator nor the United Nations common system maintained a grading system for these levels. Grading systems were not maintained because each position was unique, thereby making comparison virtually impossible. Several Commission members, nevertheless, suggested that another grade equivalency attempt could be considered with greater emphasis on general relationships rather than job-to-job comparisons.

117. The Commission reviewed data that showed that at D-2 levels, from which Assistant Secretary-General/Under-Secretary-General levels were extrapolated, the net remuneration margin was much narrower than at lower levels as shown in annex X. Some Commission members considered that this information suggested that the root of the problem existed at the D-1/D-2 remuneration levels rather than at the Assistant Secretary-General/Under-Secretary-General levels. In their view if the problem were corrected at the D-1/D-2 levels, then whatever problem might exist at the Assistant Secretary-General/Under-Secretary-General levels would also be corrected since these levels were determined by extrapolation from D-2. In such a situation the differentials used for extrapolation above D-2 could be maintained unchanged.

118. With regard to housing, the Commission considered that there was a case to be made for those officials who, as a result of work requirements, needed to maintain larger, better quality housing in close proximity to their work location than was currently possible. It further noted that at the Assistant Secretary-General/ Under-Secretary-General levels little or no benefit was derived from the rental subsidy scheme or its proposed revision. It was proposed that further changes in the rental subsidy would be necessary if any impact was to be made on the problem.

119. A number of members observed that there may be some connection between the current inadequate housing arrangments and the practice of some officials in accepting supplementary payments. In a number of instances it appeared that

supplementary payments were directed towards providing senior officials with a better standard of housing than could be acquired under present remuneration arrangements. Accordingly, some members believed that the provision of more adequate housing for staff at that level would help solve the problem of supplementary payments. Nevertheless, skepticism was expressed by a few members on this point, as they believed that some supplementary payments would continue to be paid and received even after more adequate housing arrangements were provided.

120. Members agreed that, should a decision be made to improve housing arrangements for those at the Assistant Secretary-General, Under-Secretary-General and equivalent levels, the most appropriate means would require that executive heads be authorized to exercise judgement as to the need for such arrangements on a case-by-case basis. The Commission believed that the General Assembly and the legislature bodies of the other organizations may therefore wish to grant the necessary authority to the executive heads of the organizations to determine which senior officials should be entitled to suitably located and larger accommodation than that strictly commensurate with their family size. Precise guidelines to meet the needs of each organization would best be developed by each organization on the basis of their respective needs.

121. Once it was determined that the particular senior official was entitled to rent a larger dwelling at a suitable location as a result of the nature of the functions, then a substantial portion of the extra cost associated with the acquisition of such accommodation should be reimbursed by the organization. Arrangements for such reimbursement would be made by placing a limit on the amount of the rental subsidy received and not through the amount of rent paid. In this regard the Commission was of the view that the maximum amount of rental subsidy paid to an official falling in the above category could equal 75 per cent of the threshold rent for the official concerned. Some examples of the application of this formula may be found in annex XI.

122. With regard to pensions the Commission noted that some officials at the Assistant Secretary-General/Under-Secretary-General levels were appointed from external sources while others rose to these positions after a significant length of service at lower levels within the common system. The Commission considered the proposal for a dual pension system at these levels with short-term officials paid a pension benefit in lump sum upon leaving the service while those with full careers would receive a pension benefit as at present. The Commission did not, however, feel that it had sufficient information to deal with the issue at its current session.

123. The adequacy of representation allowance was perceived by some members of the Commission to be a problem as far as the United Nations organization was concerned. The information on United Nations allowances before the Commission indicated that there had been no adjustment in representation allowances for over 15 years. However, members also noted that a diversity of needs and practices existed between and within organizations. While it was appreciated that in a number of organizations there could be some representation function for some Assistant Secretary-General/Under-Secretary-General level officials, the requirements were not uniform. Accordingly, it was recognized that the question of the appropriate level and modalities for providing hospitality allowances for representational functions were not susceptible to common system treatment, and would best be handled by executive heads exercising their own judgement under the guidance of their own respective governing bodies. Members therefore decided that no point would be served by examining the matter in greater detail.

Decisions and recommendations of the Commission

124. The Commission decided:

(a) That no action was required at the present time with respect to pay comparability;

(b) To recommend to the General Assembly that revised housing arrangements for those at the Assistant Secretary-General, Under-Secretary-General and equivalent levels be established as follows:

(i) Executive heads would be authorized to exercise discretion to approve the granting of such subsidy arrangments to those at the Assistant Secretary-General, Under-Secretary-General and equivalent levels in cases where such officials needed to rent suitably sized and located accommodation;

(ii) The current arrangements, whereby a limit is placed on the maximum allowable rent for the purposes of calculating rental subsidies, would be replaced by new arrangements whereby eligible officials would receive a maximum rental subsidy amounting to 75 per cent of the threshold rent for the individual concerned (for further details see annex XI);

(c) To inform the General Assembly that the Commission had made a preliminary review of the proposal for alternative more flexible pension and end of service arrangments, but had concluded that no further work should be pursued in this regard without the receipt of additional information on the subject;

(d) To inform the General Assembly that, after study of the representation allowances, it was determined that the matter was not susceptible to common system treatment and would best be handled by the executive heads under guidance from the governing bodies of their respective organizations.

4. Review of post adjustment indices at headquarters and other European and North American duty stations

125. The Commission addressed the General Assembly's request, contained in its resolution 44/198, for the Commission to reconsider its decision on the procedures for reviewing post adjustment classifications for cost-of-living increases at headquarters and other European and North American duty stations.

Views of the organizations

126. The Chairman of CCAQ expressed the organizations' continued support for the Commission's decision regarding the review of the post adjustment classifications and urged the Commission to reiterate that decision in order to create greater stability in take-home pay. He stated that concern over the management of the margin was an added factor in CCAQ's support for that decision. He expressed the view that the time had come to introduce movements of post adjustment in multiplier points (i.e., in partial classes) at the base of the system in order to manage the post adjustment system effectively. The Chairman of CCAQ expressed the view that in accordance with the Commission's decision under review, post adjustment increases should not trigger any further increase until either another full

5 per cent movement in the index had been recorded or a further 12 months had elapsed, i.e., the two should not be cumulative.

Views of the staff representatives

127. The President of FICSA and the representative of CCISUA strongly urged the Commission to maintain its decision on the procedures for the time-to-time review of post adjustment classifications at headquarters and other European and North American duty stations. The Commission's attention was drawn to the special importance of the decision for those duty stations with low inflation rates.

128. The representative of CCISUA also stated that it would be unfair to reduce the take-home pay of staff to compensate for freezes on post adjustment and other measures applied in the past.

129. FICSA and CCISUA were of the view that the normal operation of post adjustment system would facilitate the elimination of the differences through adjustments of the index for inflation.

Discussion by the Commission

130. The Commission recalled that under the current system the index had to move by a full 5 per cent or one class before any adjustment for inflation was made. It was recalled that under the present system partial post adjustment classes were granted for currency fluctuations. However, as regards inflation, increases were only granted when the index had moved a full 5 per cent over the previous level. The decision under review would result in the granting of partial classes of post adjustment due solely to inflation in places where inflation rates were lower than 5 per cent per annum. In this connection the Commission reaffirmed its present policy of granting post adjustment increases only when the post adjustment index was higher than that corresponding to the multiplier.

131. In discussing its reconsideration of its decision on the time-to-time review of post adjustment classifications at headquarters and other European and North American duty stations, the Commission sought to ascertain whether the Assembly's request was related to the delineation of authority on the subject-matter with respect to either article 10 or article 11 of the Commission's statute or to technical considerations underlying the decision. The Commission was informed that some participants in the informal consultations in the Fifth Committee had expressed doubts regarding the Commission's authority to decide on the change in the current system. After a full examination of the provisions of articles 10 and 11 of its statute, the Commission reached the conclusion that its decision relating to the review of post adjustment classifications at headquarters and other European and North American duty stations for the purposes of applying post adjustments was properly covered under article 11 (c).

132. The Commission recalled that it had considered the possibility of granting partial post adjustment classes in New York during its consideration in 1985 of the operation of post adjustment within the margin range. It had, however, been of the view that partial post adjustment classes should not be granted in New York. When the Commission took the decision in 1989 to grant partial classes in those cases where inflation rates were lower than 5 per cent annually, it had recalled its 1985 decision on the operation of post adjustment within the margin range with a view to identifying any potential conflict between both decisions. The Commission had

noted that the modalities established for managing the margin within the established range precluded any possibility of conflict. Under existing criteria full 5 per cent increases in post adjustment could only be granted provided such action would not result in a margin higher than the upper margin limit of 120. If granting of the increase would result in the margin exceeding the margin limit of 120, then the increase would be postponed, and the present methodology for freezing the post adjustment applied until such time that the increase could be granted while at the same time keeping the margin within the range. A similar procedure would also apply in those situations where at the end of a 12-month period the change in the post adjustment index was lower than 5 per cent but where the granting of the less than 5 per cent increase would take the margin beyond 120.

133. The Commission considered the probable impact of its decision on the New York post adjustment. It noted that if the United States dollar were to strengthen with the inflation rate remaining low, it was conceivable that the decision could affect New York post adjustment. Otherwise the chances of its having any impact for New York were considered to be low. The Commission noted that its decision to apply partial classes at the base of the system, that is, New York, at the end of a 12-month period if the movement in the post adjustment index was less than 5 per cent, could result in cost implications related to net remuneration and pensionable remuneration of staff in the Professional and higher categories. It would mean that at the end of a 12-month period pensionable remuneration would be increased by the same percentage by which net remuneration was increased. The associated cost implications from this arrangement would be due to the fact that net remuneration, as well as pensionable remuneration, could increase earlier than under the current full 5 per cent system, albeit by a lesser amount. The impact of the decision on net remuneration and on pensionable remuneration was also considered over the long term. It was noted that because the system of measuring changes in post adjustment and pensionable remuneration was reset after each change, the residual between a full 5 per cent increase and the less than 5 per cent increase granted at the end of 12 months would be carried forward beyond the date when a full 5 per cent would have otherwise been measured and granted under the present system. It was noted that the cumulative effect of the deferment described above would in general offset the costs mentioned earlier.

Decision of the Commission

134. The Commission decided to reiterate its decision as contained in its fifteenth annual report 9/ to review post adjustment indices at headquarters and other European and North American duty stations on a monthly basis for both cost-of-living and exchange rate movements. Changes in post adjustment/cost-of-living allowances in respect of cost-of-living should be granted either after a full 5 per cent movement had been measured or after a 12-month lapse since the last change, whichever came first. Changes resulting solely from currency fluctuations should continue to be implemented as under the current system.

5. Differences between post adjustment indices and multipliers

135. The Commission addressed the Assembly's request to devise appropriate measures to deal with those duty stations where, upon implementation of a place-to-place survey result, there existed a significant difference between the post adjustment index and the actual multiplier.

Views of the organizations

136. The Chairman of CCAQ drew attention to the complexity of the issue, noting that careful analysis was needed especially in terms of the reasons why such differences occurred. He was of the view that a phased reduction of differences between post adjustment indices and multipliers was an acceptable approach. It was however the position of the organizations that the benefits should be preserved of those past measures which had received the Assembly's endorsement and which protected take-home pay in local currency terms in cases of exchange rate fluctuation.

Views of the staff representatives

137. The President of FICSA underlined the complexity of dealing with differences between post adjustment and pay indices, in particular since such differences had various origins. Any solution must therefore take into account the basis and history of the problem, which originated from the following differences: (a) use of rough estimates instead of surveys; (b) place-to-place surveys producing lower indices than the applicable multiplier; (c) protection measures against the decline in the United States dollar vis-à-vis hard currencies; and (d) "scaling-back" in the context of the margin control and the post adjustment freeze. If the separate or compounded effects of these factors resulted in a difference of one class of post adjustment or more, the consequence might be a reduction in take-home pay, which would not at all be justified in cases (b), (c) and (d) mentioned above. Thus, a selective approach was called for. Until such time as the ICSC secretariat, in co-operation with the organizations and the staff, had studied the matter in detail, the present system should be maintained. FICSA proposed that specific options be prepared for the next session of the ICSC. With regard to partial classes of post adjustment, FICSA considered that their use would permit better comparison of relativities and make the system more equitable.

138. The President of CCISUA also stated that it would be unfair to reduce the take-home pay of staff to compensate for freezes on post adjustment and other measures applied in the past. CCISUA was of the view that the normal operation of the post adjustment system would facilitate the elimination of the differences through adjustments of the index for inflation.

Discussion by the Commission

139. The Commission noted that various special measures and ad hoc decisions taken over several years had, in some cases, resulted in the creation of differences between post adjustment indices and multipliers. It was recognized that action to freeze post adjustment movements at the base of the system and consequently at other duty stations from time to time had contributed to these differences. The methodology used to freeze post adjustment, due to the margin range considerations, would be studied by the Commission. It further noted that the General Assembly's request was linked to the conduct of place-to-place surveys. The Commission was therefore of the view that duty stations with pronounced differences between the post adjustment indices and the multiplier should be surveyed on a priority basis, while at the same time taking into consideration the numbers of staff members at those locations. It also recognized that the improvements introduced in the post adjustment system under the comprehensive review could significantly alter the situation.

140. The Commission considered the reduction of excess multiplier points on a phased basis to be an appropriate approach. It took into account the fact that a margin of error was usually associated with cost-of-living surveys and it was, therefore, of the view that differences of one class between the post adjustment index and existing multiplier should be left unchanged with the expectation that the normal movement of the post adjustment index in response to inflation would satisfactorily close that gap. It was also of the view that differences between the post adjustment index and multiplier that resulted from application of the remuneration correction factor and the floor protection measure, prior to the latest place-to-place survey and which were designed to protect take-home pay in local currency terms, should not be affected by the measures recommended below to eliminate excess multiplier points.

Decisions of the Commission

141. The Commission decided that in those cases where:

(a) Upon implementation of place-to-place survey results, the resulting post adjustment indices is found to be lower than the existing pay index (i.e., multiplier + 100) by one post adjustment class or less, the normal operation of the post adjustment system should continue, i.e. the post adjustment indices should be allowed to catch up with the multiplier through adjustment for inflation;

(b) Upon implementation of place-to-place survey results, the resulting post adjustment indices is found to be lower than the existing pay index (i.e., multiplier + 100) by more than one but less than six post adjustment classes, the existing post adjustment classification should be reduced by one class every six months until the difference between the post adjustment indices and notional index is just one class. Under this approach it is conceivable that three classes would be absorbed over an 18-month period, during which time inflation may have taken care of one more class;

(c) Upon implementation of place-to-place survey results, the resulting post adjustment indices is found to be lower than the existing pay index (i.e., multiplier + 100) by six or more post adjustment classes, the excess post adjustment over and above six classes should be eliminated at the rate of one class every three months until the existing post adjustment classifiction is just six classes higher than the post adjustment indices. At this stage the procedure in subparagraph (b) above would come into effect, i.e., the rate of reduction of the post adjustment classification would change to one class every six months until the difference between the PAI and notional index is just one class.

142. The régime for phasing out the differences as described in subparagraphs (b) and (c) above would apply to that difference between the post adjustment indices and the pay index which exceeds (one post adjustment class) 5 per cent and that element which accrued from the application of measures to overcome the effects of exchange rate fluctuation which occurred in the period up to the latest place-to-place survey. Reductions of the remaining gap would therefore be applied in accordance with the procedures outlined in subparagraphs (b) and (c) above.

6. Longevity steps

143. In its tenth annual report, the Commission under article 10 (b) of its statute, recommended that a single long service step could be granted to staff in grades P-1 to P-5. Specific criteria for granting the extra steps were also outlined as part of the Commission's recommendations. 10/

144. In accordance with the terms of article 12 (1) of its statute, the Commission decided to recommend to the executive heads of the organizations that a similar long service step, with the same criteria, be introduced for staff in the General Service and related categories at duty stations where long service steps did not exist at that time. The Commission's recommendations with regard to the General Service and other locally recruited categories of staff were implemented by the organizations of the common system. ILO and WHO, however, continued to operate under their earlier arrangements, thereby granting more than one longevity step to staff from the General Service and other locally recruited categories.

145. As regards the Professional category, the General Assembly did not act positively on the recommendation of the Commission. It, however, requested the Commission, in its resolution 39/69, section II, paragraph 2, of 13 December 1984, in conformity with article 10 of its statute, to review the practice of the organizations of the United Nations common system as regards long service steps for staff in the Professional category, to examine ways in which uniformity on that question might be established within the common system and to report thereon to the General Assembly at its fortieth session.

146. In its eleventh annual report the Commission decided to advise the General Assembly that it would maintain the recommendation made in its tenth annual report on a long service step for the Professional category. 11/ Once again the General Assembly did not act on the recommendation of the Commission on the longevity steps for the Professional category staff. However, in resolution 40/244, section IV, paragraph 4, it expressed its concern over actions taken by some of the participating organizations that had led to disparities in the United Nations common system.

147. As part of the current review of longevity steps maintained by some organizations beyond the salary scales approved by the General Assembly, detailed information was collected from the organizations and placed before the Commission.

Views of the organizations

148. The Chairman of CCAQ stated that the issue before the Commission went beyond the limited subject of longevity steps. It had broader implications as to whether the sovereign legislative bodies of the organizations of the common system could take decisions that were in the best interest of the proper functioning of the organizations concerned. He pointed out that the extra steps maintained by ILO and WHO were introduced by the autonomous legislative bodies of the two organizations concerned. The WHO scheme had resulted from a decision of the WHO Executive Board of some 42 years standing and reaffirmed by the Board on subsequent occasions. He felt that such flexibility was essential for the organizations if it was found that certain deviations from the conditions of service of the common system were in the best interest of the organizations according to their own legislative bodies. He added that the purpose of the extra steps maintained by ILO and WHO were a combination of longevity/merit steps and not just longevity steps. He noted that

these extra steps had no relationship to the additional steps introduced in the revised salary scale approved by the General Assembly, which went into effect as of 1 July 1990, since the criteria for granting them were entirely different. The Chairman of CCAQ emphasized that in the consideration of important matters such as the one before the Commission, the Commission and its secretariat should not rely solely on the advice provided by the United Nations Legal Counsel, but consult the legal advisers of concerned agencies.

149. The representative of WHO stated that his organization did not grant longevity steps similar to those included in the salary scale that went into effect on 1 July 1990. The scheme applied in WHO was a merit scheme and not a longevity scheme based on one of the WHO staff rules approved by its Executive Board at its very first session in 1948. He added that the Executive Board in 1969 approved the staff rule whereby a staff member who had completed 20, 25 and 30 years of satisfactory service with the organization qualified for meritorious increases. He added that the WHO merit scheme was 42 years old and had served the organization's interest satisfactorily for all purposes. He did not feel that it was appropriate for the Commission to recommend to the legislative organs of ILO and WHO what amounted to a firm suggestion that they eliminate this practice of extra steps. It would be appropriate for the Commission to refer the matter to the legislative body of WHO for its review in accordance with article 36 of the constitution, which states that the conditions of service of the staff of the organization shall conform, as far as possible, with those of other United Nations organizations. It would also be appropriate to refer the matter to the legislative body of WHO for its review under the provisions of staff regulation 3.2, according to which the salary and allowance plan shall be determined by the Director-General following basically scales of salaries and allowances of the United Nations. He added that staff regulation 3.2 further states that any deviation from United Nations scales of salaries and allowances which may be necessary for the requirements of WHO shall be subject to the approval of, or may be authorized by, the Executive Board. He stated that the meritorious increase scheme of WHO applied to the General Service staff as well as to the Professional and higher categories of staff. Therefore the review of this matter may be more timely if it were conducted in conjunction with the comprehensive review of the conditions of employment of the General Service staff.

150. The representative of the ILO stated that the extra steps adopted following the comprehensive review were not designed either to motivate superior performance nor to recognize milestones in the official's career as was the case with the ILO system. Furthermore, there was no specific recommendation made by ICSC in the context of the comprehensive review to abolish such steps above the maximum of the grade. On the contrary, the Commission itself had previously recognized the value of such steps when it recommended in 1984 a longevity step both for the General Service and Professional and higher categories. The ILO system was applied to both categories. It would be inequitable to abolish it for the General Service category since no basis, in the comprehensive review or otherwise, had been established for removing the entitlement for that category and it would not be efficient, equitable or in the interests of staff management relations to abolish it only for Professional and higher category of staff. The Director-General had already informed the ILO Governing Body on two occasions of the ICSC recommendation to abolish the system and of his intention to maintain it. On neither occasion did the Governing Body suggest that the Director-General do otherwise. This being said, the representative of ILO could report that his organization was in the

process of re-examining the system as it was felt by both management and staff that it had not fully achieved all of its objectives.

Views of the staff representatives

151. The representative of FICSA stated that the document under discussion raised fundamental issues on the concept of the common system, the autonomous position of the specialized agencies and the authority of the General Assembly. FICSA supported the common system as long as it did not result in the lowest denominator and as long as it left room for solutions that were adapted to the structure and the specific needs of the organizations. FICSA also supported improvements for staff of a particular organization provided that such improvements were not to the detriment of other staff. It was noted that in recent years the staff had witnessed an increasing tendency towards centralization of decision-making in New York by the General Assembly. Such an orientation was not conducive towards enhancing the confidence of staff in the common system and ICSC.

152. The representative of FICSA deplored the attacks against two of the specialized agencies which had introduced longevity steps many years ago in order to respond to their particular requirements. The Governing Bodies of the agencies concerned had approved and confirmed the need for such additional steps. She further added that all member associations/unions of FICSA that had been consulted on the matter had pronounced themselves in favour of the position that organizations should be free to maintain or introduce additional pensionable steps in the salary scales based on their requirements and their policies on human resources planning.

Discussion by the Commission

153. The Commission noted that all organizations with the exception of ILO and WHO did not grant extra steps beyond those in the current salary scale approved by the General Assembly for the staff from the Professional and higher categories. As regards the General Service and other locally recruited categories of staff, once again all organizations with the exception of ILO and WHO had, in accordance with the Commission's recommendations, introduced one additional step for long service at duty stations where the salary scale did not already contain longevity steps.

154. The Commission further noted that ILO had two extra steps in grades P-1 through D-2 beyond the salary scale approved by the General Assembly. As regards WHO, it was noted that while in general up to six extra steps beyond the scale approved by the General Assembly could be granted for grades P-1 to D-2 in some cases seven extra steps could be granted.

155. The Commission was informed that the Governing Bodies of the World Intellectual Property Organization (WIPO), pursuant to the ICSC recommendation, in 1984 had approved in September-October 1985, on a provisional basis and with effect from 1 January 1985, a staff regulation providing for one long service step for staff in grades P-1 to P-5. However, at the present time there were no staff members at WIPO who fell under this category. Consequently, the question of how this decision of the WIPO Governing Bodies would be implemented did not arise at the present time.

156. The Commission recalled that in its tenth annual report, while recommending the introduction of one long service step at grades P-1 to P-5, it had reported to the General Assembly that "some staff members despite their excellent performance could not be considered for promotion to the next higher level, owing, inter alia, to job classification constraints. The Commission was of the view that in the case of these staff members one extra step beyond the salary scale could be granted to highly deserving staff members, provided the conditions outlined in paragraph 193 below were made." 12/ The Commission further considered that the information provided by ILO and WHO concerning their current practices of granting steps beyond the salary scales approved by the General Assembly for the Professional and higher categories of staff must be considerd against some of the recent developments relating to the structure of the salary scale.

157. The Commission recalled that the Working Group on the comprehensive review had brought the structure of the salary scale to the attention of the Commission as directly relevant to the motivational impact of the compensation package by virtue of the definition it provided to the career progression of staff. It had also indicated that the salary scale in effect at that time lacked coherence and must be considered as an inhibiting factor in staff motivation and, consequently, on productivity. The Working Group established by the Commission on the comprehensive review had also considered the specific problems relating to staff at the top of their grades and drew the Commission's attention to the fact that one of the demotivating factors most frequently referred to in the United Nations service was a problem of staff who had reached top of their grade. The Working Group proposed that to alleviate this problem two additional steps at P-3, D-1 and D-2 and three additional steps at grades P-4 and P-5 be added. It was further proposed that these additional steps should be granted at two-yearly intervals, thereby applying a brake to the speed at which top of the grade would be reached. The Commission had concurred with the findings of the Working Group and it had recommended specific structural improvements to the salary scale. Those improvements were approved by the General Assembly as part of the revised salary scale that went into effect as of 1 July 1990.

158. The Commission was of the view that both long service and merit were implicit in its recommendations regarding the introduction of an extra step in grades P-1 through P-5. It was further of the view that the considerations outlined in the preceding paragraph, which resulted in the introduction of extra steps in the salary scales, had adequately addressed the question of the long service and the problems faced by those who were at the top of the grade. In view of these developments the Commission considered that its recommendation made in 1984 and reiterated in 1985 concerning an extra step in grades P-1 through P-5 was subsumed in its latest recommendation regarding the salary scale. It was therefore of the view that the earlier recommendation should no longer apply and that the organizations that had already implemented it should take steps to change their staff rules to eliminate that provision. As regards merit the Commission recalled that it had made specific recommendations for rewarding merit in its fifteenth annual report. 13/ In this regard the Commission once again reiterated its view that while merit should be rewarded in an appropriate manner, such rewards should be in the form of non-pensionable cash awards outside the salary scale.

159. The Commission was of the view that the schemes introduced by ILO and WHO regarding extra steps had created some inequities in the system both as regards the salaries paid while in service and also as regards the pensions received upon retirement. In this regard it was noted that salaries and pensionable remuneration

amounts and consequently pension were different for the same category of staff in one given city. It was further noted that salaries and pensions received by some staff members of WHO could be as much as 16 per cent higher than those received by their colleagues working for other organizations at the same grade and with the same length of service. The Commission was of the view that such an anomalous situation should be avoided.

160. The Commission was of the view that the Executive Heads of ILO and WHO should bring this matter to the attention of their legislative bodies with the recommendation that the current system entailing the use of additional steps beyond the salary scale approved by the General Assembly be replaced by one where one time non-pensionable bonuses were paid as a reward for meritorious service.

161. One member of the Commission was of the view that WHO faced a specific problem relating to the recruitment of qualified doctors and the scheme of extra steps in effect was justified.

Decisions of the Commission

162. The Commission decided to recommend that:

(a) The Executive Heads of ILO and WHO should bring the matter of the additional steps beyond the salary scales of the Professional and higher categories of staff approved by the General Assembly, as well as the common system scales for the General Service and related categories of staff, to the attention of their respective legislative bodies with the recommendation that the current system of rewarding through the extension of salary scales be replaced by the introduction of a scheme entailing the payment of one time non-pensionable cash awards to reward merit;

(b) WIPO, in view of the additional steps introduced in the scale of salaries and pensionable remuneration which went into effect as of 1 July 1990, should take appropriate action to change their staff regulations to eliminate the provision regarding the introduction of one extra step in grades P-1 to P-5 as was recommended in 1984.

163. The Commission further decided to request ILO and WHO to present a detailed report concerning this matter to the Commission at its thirty-sixth session in 1992.

7. Conditions of service of short-term staff

164. The Commission had reported to the General Assembly in its fifteenth annual report that in the time available for the comprehensive review it was not possible to consider in any depth the conditions of service of short-term staff. 14/ At its July 1990 session the Commission was provided with an outline of the steps that would have to be taken to consider this item in depth. A summary of data collected by CCAQ on various groups of staff which may be considered under this category was also provided to the Commission.

Views of the organization

165. The Chairman of CCAQ suggested that the Commission may wish to review the detailed information collected by CCAQ to present a more complete picture of the

situation. He noted that CCAQ intended to convene a task force to which the ICSC secretariat would be invited, towards the end of 1990, to examine the item in detail.

Views of the staff representatives

166. The representative of FICSA stated that the Federation attached great importance to this item in view of the proliferation of types of appointment and categories of staff. Such practices had resulted increasingly in circumvention of rules or regulations and often in outright abuse. FICSA supported the proposal that the matter be referred for in-depth study to a tripartite working group in which it would participate fully.

167. The representative of CCISUA associated himself with the position expressed by the representative of FICSA. He noted that, to some extent, such a proliferation resulted from the fact that the organizations of the system found it difficult to meet certain personnel needs at current remuneration levels.

Discussion by the Commission

168. The Commission considered that the item was difficult to address because of the organizations' diverse practices in this regard. The Commission noted that there was, indeed, no common definition of short-term staff which hampered the consideration of this item at this time.

169. The Commission was of the view that it did not have sufficient information to proceed with its consideration of this item. It therefore welcomed CCAQ's intent to convene a task force to investigate the matter taking into account both present and future needs of the organization. It looked forward to receiving a report on the consideration of the task force of this matter at its thirty-fourth session in August 1991.

8. Identification of the highest paid national civil service

170. The Commission, as part of its review of the conditions of service of the Professional and higher categories had, in its fifteenth annual report, recommended to the General Assembly that the Commission should conduct periodic checks every five years to determine which was the highest paid national civil service. 15/ The General Assembly in section I.B, paragraph 2, of its resolution 44/198 had endorsed the Commission's recommendation and had requested the Commission to present a methodology for carrying out such checks to the Assembly at its forty-sixth session. In response to the Assembly's request together with its intent of reverting to the issue after the comprehensive review, the Commission at its thirty-first session dealt with issues that required resolution in order for work to proceed on the development of a methodology. These issues related to grade equivalencies, accounting for currency/cost-of-living differences and the quantification and valuation of non-cash remuneration.

Decisions of the Commission

171. The Commission decided to request its secretariat to provide it, in March 1991, with a methodology to identify the highest paid national civil service. It instructed its secretariat to develop a flexible methodology that

would take into account the need to conduct an initial study to identify potential comparators, to be followed by a more refined comparison once it was apparent that a potential comparator might replace the current comparator. In that regard, the Commission recognized the need to apply the proposed methodology on a test basis to several potential comparators.

172. Based on the methodology to be submitted to the Commission in March 1991, the second phase of the exercise could then proceed, which would encompass related issues on how to proceed with the application of the proposed methodology.

B. Remuneration of the Professional and higher categories

1. Evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system

173. In accordance with the standing mandate from the General Assembly, the Commission continued to monitor the net remuneration margin between officials in comparable positions of the United States federal civil service and the United Nations system. The Commission was informed that on the basis of the evolution of salaries in the two systems through 31 December 1990, and on the basis of the revised margin methodology approved by the General Assembly in its resolution 44/198, the margin for the calendar year 1990 was estimated at 117.4 (see annex XII). The Commission was also provided with very preliminary estimates of the net remuneration margin for the margin year 1991.

Views of the organizations

174. The Chairman of CCAQ noted the estimated level of the margin of 117.4 for calendar year 1990. He further noted the information about the potential margin for 1991. He expressed dismay at the impact of arithmetical calculations on the functioning of the salary system and the unfortunate consequences of the General Assembly's micro-management of the margin range for the operation of the post adjustment system. He was particularly concerned about the possibility of not granting the projected post adjustment increases in New York in October and November, thereby negating the across-the-board increases that had become effective 1 July 1990. On the basis of the information on hand and bearing in mind that the estimate of the margin for 1991 was very preliminary in nature at this stage, CCAQ concluded that there were no solid arguments at this stage for delaying the post adjustment increases anticipated for the last quarter of 1990, not only because of the potential legal challenge to such a course of action, but also because of the complete uncertainty as to what might happen to the margin in 1991.

175. The Chairman of CCAQ requested the Commission to address, at the latest at the March 1991 session, the methodology dealing with any freeze on post adjustment that might result from the margin moving towards the upper limit of the range. This was all the more essential in the context of duty stations away from New York, where the impact of a freeze was often more harshly felt than at the base of the system. He noted that at duty stations that received an increase in salary lower than at the base, it became virtually impossible for personnel managers to explain to staff why their salaries would be refrozen as the result of developments elsewhere. By way of explanation of this problem, he provided the following information to the Commission:

Movements of net remuneration at the seven headquarters locations and in Washington, D.C.

Movements in absolute terms

(percentage)

Movement up to July 1990	New York	Washington	Geneva	London	Montreal	Paris	Rome	Vienna
Since Jan. 1985	+23.0	+17.6	+0.5	+11.9	+24.0	+0.5	+26.5	-6.8
Since July 1988	+19.2	+13.8	+5.2	+16.1	+17.2	+7.6	+14.5	+5.0

Movements in real terms, i.e., adjusted for inflation

(percentage)

Movement up to July 1990	New York	Washington	Geneva	London	Montreal	Paris	Rome	Vienna
Since Jan. 1985	-5.1	-9.1	-13.2	-19.6	-1.8	-16.4	-5.0	-17.0
Since July 1988	+6.5	+2.0	-2.7	-2.4	+8.9	+0.03	+3.3	+0.1

The tables provide details of the evolution of take-home pay in nominal and real terms, i.e. adjusted for movements of inflation, for all headquarters locations and in Washington, D.C. from January 1985 and July 1988 to July 1990. Bearing in mind the above, he expected that the Commission would request the General Assembly to reconsider the imposition of the five-year margin average, which CCAQ believed to be totally unworkable.

Views of the staff representatives

176. The President of FICSA stressed that the item under review went far beyond the purely mathematical calculation of the margin forecast. United States civil service remuneration, which had continued to lag behind the private sector and now showed a gap of 30 per cent, was no longer a healthy basis for comparison. Therefore, a re-examination of that basis with a view to including the private sector had become extremely urgent. Indeed, other employers competing with the United Nations system for highly qualified staff, such as the International Monetary Fund and the World Bank, had already chosen private employers as reference points. Given the fact that United States civil service pay even lagged behind the cost-of-living increments in the United States, a margin range of 110 to 120, with

a mid-point of 115, was totally unrealistic. Thus, the margin range should either be suspended or redefined.

177. FICSA urged the Commission to take a bold and courageous stand and recommend to the General Assembly a more healthy basis for the salary system than the present one. Since the search for another comparator would require lengthy studies, immediate action would be necessary in order to prevent a prolonged freeze in all duty stations. The staff would never accept another pay freeze in any location. Serious problems in staff/management relations would be unavoidable if remedial actions to prevent the freeze were not taken now. Finally FICSA considered that the increase in post adjustment due for New York towards the end of 1990 was based on the existing methodology which must be applied until it was changed.

178. The representative of CCISUA stated that any discussion of the margin could not but raise apprehensions for the staff. The margin represented a straight-jacket for the United Nations remuneration system that never ceased to cause difficulty. Once again, as a result of the accelerated movement of the New York post adjustment index, the spectre of another freeze loomed large on the horizon, all the more so as the Commission was supposed to maintain the margin for the next five years, on average, around 115, which was an impossible task. But this was no justification for delayirg the granting of the post adjustment classes due in New York towards the end of the year. This would mean a freeze and would cancel the effect of the 5 per cent increase that had only just become applicable. For duty stations such as Geneva, moreover, where the increase had been less than 5 per cent and where the freeze had not been lifted, the consequences would be devastating. In the long run, it was essential to uncouple the United Nations system from the erratic movement of pay in the comparator civil service, while making every effort to avoid a freeze in the meantime. However, if there was to be a freeze, no duty station could be exempted from the application, otherwise the common system would remain common in name only.

Discussion by the Commission

179. The Commission first examined the movement of remuneration for the Professional and higher categories in New York. In this regard, it noted that on the basis of the salary scale in effect through end of June 1990, post adjustment class 11 (multiplier 71) had been applied effective 1 February 1990 in accordance with the four-month rule provision of the post adjustment system. Implementation of the new salary scale approved by the General Assembly effective 1 July 1990, had resulted in, on an average, a 5 per cent increase in the remuneration for the United Nations staff in New York.

180. The Commission recalled that the General Assembly, in its resolution 44/198 approving, inter alia, the revised scale of gross and net salaries for the Professional and higher categories, had specified procedures for their implementation in annex III to that resolution. According to these procedures after 1 July 1990, at each duty station, the first change in the post adjustment classification resulting from cost-of-living movement will take place when the post adjustment index applicable prior to the introduction of the scale reaches the level that would have triggered the next full class of post adjustment under the operation of the post adjustment system. Thereafter, changes will be effected on the basis of the movement of the revised post adjustment index.

181. In accordance with that decision of the General Assembly and on the basis of the movement of the New York post adjustment index, it was anticipated that a further increase in post adjustment would result in October or November of this year. The rapid increase in the post adjustment indices used in February and October/November 1990 was attributable to an annualized rate of inflation of 6.6 per cent for New York and the continued weakening of the United States dollar. The latter element had resulted in an annualized increase of some 17 per cent in the out-of-area index. The combined effect of these two factors had resulted in an increase in the New York post adjustment index by some 5.4 per cent over the eight to nine month period. The anticipated October/November 1990 increase will be based on the post adjustment index series applicable through end of June 1990. Thereafter, the post adjustment index based on the revised salary scale which went into effect as of 1 July 1990 would be used. On the basis of the new index a small correction to the post adjustment amounting to 0.8 multiplier points would result in the month following the first post adjustment increase mentioned above. As a result the following post adjustment multipliers would apply for New York for the period 1 January through 31 December 1990:

Date (1990)	Multiplier
1 January	63
1 February to 30 June	71
1 July to 30 September	47.4 16/
1 October (projected)	54.2
1 November to 31 December (projected)	55

Post adjustment classifications for the period 1 January through 30 June 1990 relate to the salary scale in effect through the end of June 1990, while those from 1 July through the end of the year relate to the revised salary scale approved by the General Assembly.

182. As a result of these developments the remuneration of the United Nations officials from the Professional and higher categories in New York will have gone up by some 14.5 per cent over the period 1 January to 31 December 1990. However, the increase for the United States federal civil service employees was 3.0 per cent for the same period. The increases in remuneration for the United Nations staff in New York and the United States federal civil service employees in Washington, D.C. for the year 1989, were 9.0 and 4.1 per cent respectively. The Commission was of the view that while the movements of remuneration for the United Nations staff in 1989 and 1990 relative to those for their counterparts in the United States federal civil service were justifiable in terms of the margin management, they could nevertheless result in some difficulties in the context of the margin in the near future.

183. The Commission noted that on the basis of the levels of salaries applicable in the two civil services and the cost-of-living differential between New York and Washington, D.C., the margin was estimated at approximately 117.4 for the margin year 1990. It was also noted that a 4.1 per cent across-the-board increase in salaries was anticipated for United States federal civil service employees. Furthermore, on average a 22 per cent increase in salaries was expected to be granted to those in the Senior Executive Service of the comparator civil service. Assuming that the post adjustment classification reached in New York towards the end of this year was maintained for the entire period 1 January through 31 December 1991 and that the cost-of-living differential remained unchanged at the

current level, the margin for the period 1 January to 31 December 1991 could reach a level around 120. The Commission draws the General Assembly's attention to the very preliminary estimate of the level of the margin for the year 1991 which could be influenced by one or more of the following factors:

(a) The actual increases in salaries granted to the comparator civil service in 1991;

(b) The effects of the changes in the cost-of-living survey methodology introduced last year and the proposals for the inter-city comparisons of housing costs (see para. 95 (b) (ii) above) on the post adjustment index for Washington, D.C., relative to that for New York and the consequent impact on the New York/Washington, D.C. cost-of-living differential;

(c) The movement of the consumer price index for Washington, D.C., relative to that for New York and the consequent impact on the cost-of-living differential;

(d) The impact of the exchange rate movements on the out-of-area index and consequently on the post adjustment indices for New York and Washington, D.C., which would result in a change in the cost-of-living differential.

184. The Commission recalled that as regards the net remuneration margin, it had recommended to the General Assembly that "the margin should be allowed to fluctuate freely within the range. As long as the ratio between net remuneration in the United Nations system and in the comparator civil service remained within the ranges, no action would be required. If it became evident that the margin would drop below the lower limit, the Commission would make a recommendation to the General Assembly for an across-the-board salary increase. On the other hand, if it became evident that the margin would exceed the top of the range, a freeze on emoluments would be applied until such time as the margin was brought within the approved range". 17/ The Commission had also recommended that "the cumulative margin procedure approved by the General Assembly at its forty-third session should be discontinued". 18/ However, the General Assembly in its resolution 44/198, section I.C, paragraph 5, requested the Commission to monitor the annual net remuneration margin over the five-year period beginning in the calendar year 1990 with a view to ensuring, to the extent possible, that by the end of that period the average of the successive annual margins is around the desirable mid-point of 115.

185. The Commission considered that in the present circumstances the Assembly's request to maintain the average net remuneration margin over a five-year period around the mid-point of the range was unworkable. Bearing in mind the projected margins for 1990 and 1991, it was apparent that the five-year averaging arrangement would require the maintenance of the average margin at around 112.5 in the remaining three years, i.e., during the margin years 1992-1994. This could be achieved only if the remuneration in New York were to remain frozen for the next three years.

186. The continued lag of the comparator's salaries vis-à-vis the consumer price index movements was viewed by the Commission as establishing long-term disparities in the comparison process since United Nations common system salaries were directly related to such movements. In this regard the Commission reviewed the movement of United States federal civil service salaries and inflation as shown in annex XIII. It noted that until 1977, when the United States federal civil service began to depart from full pay comparability 19/ with its comparator, the movement of

United States salaries kept pace with the inflation movements although at a somewhat lower level. Since 1977 the movement of United States salaries has diverged considerably from the consumer price index movements as may be seen from annex XIII. In view of the above the Commission considered that the requirement that the margin be maintained around the mid-point of the range on an average basis was unrealistic. This was more so at a time when the United States federal civil service was some 30 per cent behind its own comparator and was proposing legislation to restructure its remuneration system in recognition of significant deficiencies.

187. Freezing the remuneration in New York over extended periods of time would have undesirable consequences not only in New York but also other duty stations, some of which had not yet received a normal post adjustment increase as a result of the freeze imposed in 1984. Since a new freeze would be managed by scaling back the New York post adjustment index and since relativities would be maintained with other duty stations, the effect would be to freeze all duty stations. The requirement of the General Assembly that the average margin be maintained around the mid-point of the range would have precisely the impact outlined above. However, if the margin were allowed to fluctuate freely within the range, while it may still become necessary to freeze the remuneration in New York, and consequently at other duty stations, to ensure that it did not go beyond the upper limit of the range, such a freeze would be of a short duration and, therefore, less disruptive.

Decisions of the Commission

188. The Commission decided:

(a) To report a net remuneration margin of 117.4 for calendar year 1990 to the General Assembly (see annex XII);

(b) To inform the General Assembly that the net remuneration margin for calendar year 1991, based on current predictions, could be around 120;

(c) To monitor the level of the net remuneration margin and consider the calculation for 1991 once all relevant information was available at its thirty-fourth session;

(d) To request the General Assembly to reconsider its request to the Commission to manage the margin over a five-year period so that the average margin would be around the mid-point of the range.

189. The Commission also decided that it would closely monitor the net remuneration margin and report thereon to the General Assembly so as to keep the Assembly abreast of all developments in this regard.

2. Matters relating to post adjustment: report on the fifteenth session of the Advisory Committee on Post Adjustment Questions

190. The Commission, at its thirty-second session, considered the report of the fourteenth session of its Advisory Committee on Post Adjustment Questions (ACPAQ). The report dealt with various technical issues of post adjustment that were of special significance for the ongoing comprehensive review of conditions of service

for the Professional and higher categories. Among the issues considered was the survey methodology for implementing the General Assembly's decisions regarding the programme of surveys as stated in section I D of resolution 44/198. ACPAQ also reviewed the proposals of a working group that the Commission had established to review the treatment of housing within the post adjustment system. The substance of this review of the working group proposals and the related ACPAQ recommendations are reported above as part of the Commission's report on housing and remuneration structure.

Views of the organizations

191. The Chairman of CCAQ noted that as regards the place-to-place surveys that the General Assembly had instructed the Commission to complete by the end of 1990, CCAQ together with FICSA and CCISUA, had appointed independent experts to analyse the price data collected. These experts had provided a preliminary report, which was being analysed by the organizations.

Views of the staff representatives

192. The President of FICSA stressed that the participation of independent observers in cost-of-living surveys had definitely enhanced the confidence of the staff in such surveys. He expressed appreciation to the ICSC secretariat for the excellent co-operation extended to the independent observers. CCISUA associated with this statement of FICSA. However, FICSA was concerned about the timing of the current round of surveys and the fact that the time allowed for the collection and analysis of data was insufficient. As a consequence, there might be biased results and limited participation of staff.

Discussion by the Commission

193. The Commission noted that processing of the 1990 surveys for headquarters duty stations would be completed towards the end of the third quarter of the year and that, as a consequence, it would be necessary to schedule a special session of ACPAQ at New York from 22 to 26 October 1990 to review the results and to report back to the Commission.

Decision by the Commission

194. The Commission approved several recommendations of ACPAQ on the survey methodology for use in implementing the General Assembly request for the completion of a round of place-to-place surveys by the end of 1991, with the understanding that the surveys at the seven headquarters duty stations and other duty stations with more than 150 staff members would be finalized by the end of 1990 or soon thereafter. In order to appropriately respond to that request the Commission decided to convene a special session of ACPAQ to review the results of the headquarters and Washington D.C. surveys in October 1990. The Commission took note of the consultation process and staff participation in the survey process. It also approved recommendations of ACPAQ relating to the schedule of family expenditure surveys at the seven headquarters locations and in Washington D.C., lists of outlets to be used for price collection, number of price quotations per item, sampling for family expenditure data and the methodology for combining expenditure weights and housing costs in post adjustment index calculation. These changes to the post adjustment system would introduce further simplifications to the survey process, improve technical procedures and facilitate implementation of approved measures.

3. Base/floor salary scale

195. The Commission, in its fifteenth annual report, recommended the establishment of a floor net salary level for staff in the Professional and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. 20/ The base/floor scale was part of an integrated package in which negative classes of post adjustment were eliminated. Furthermore, the base/floor scale was proposed to be used to calculate payments under the new hardship and mobility scheme. 21/ The Commission also recommended that all separation payments other than the commutation of unused annual leave should be calculated using the base/floor amount for the remuneration system. 22/ In view of the above it was considered that the base/floor salary scale would have to be adjusted on a regular basis.

Views of the organizations

196. The Chairman of CCAQ noted that in May 1990 ACC had taken a formal position about the level of the base/floor salary scale stressing the necessity to maintain the scale with reference to the salary levels of the comparator. He recalled that the floor scale provided not only for the maintenance of a minimum level of take-home pay but also served as the reference point for the mobility and hardship allowance and the scale of separation payments. The scale was introduced with the express understanding of the General Assembly that it would reflect the link with the comparator's equivalent salaries in Washington, D.C. CCAQ insisted that this link be maintained through the annual updating and adjustment of the base/floor salary scale in a systematic manner.

197. CCAQ felt that some action with regard to base/floor salary scale was necessary at this stage. The organizations were of the view that the adjustment should be implemented by increasing the base/floor salary scale to bring it in line with that of the comparator rather than keeping the present scale and paying staff on the basis of a minimum number of post adjustment multiplier points. Although this could obviate the need for repeated approaches to the General Assembly for increases in the base floor, it suggested the separation of the scale from its use in connection with mobility and hardship allowance and separation payments. CCAQ noted the secretariat's proposal for adjusting the current scale by taking into account the increases in the United States federal civil service salaries for 1990 and 1991, as well as the impact of the changes in the rates of taxation. This would have resulted in adjusting the current scale by some 12 per cent. The Chairman of CCAQ expressed concerns that the General Assembly should be asked to approve a scale that reflected a forecast of what might be the level of income in the comparator civil service in the year following the adoption of the scale itself. As an alternative, CCAQ proposed that the Commission should take a reading each July of the after-tax salaries of equivalent staff in the comparator civil service in Washington and make an appropriate recommendation for a revised base scale to the General Assembly despite the resulting time lag. The organizations were of the view that while the effective date of the next change should be 1 January 1991, for administrative purposes the next change should be made as of March 1991.

Views of the staff representatives

198. The President of FICSA urged the Commission to make an adjustment of the base/floor salary with effect from 1 January 1991 in view of the fact that the

present level had been set by reference to United States civil service pay and taxes in 1989. Therefore, even a retroactive increase would be justified in order to correct the deficiencies of the calculations made last year in arriving at the floor amounts. The decision of the President of the United States on an increase in United states civil service remuneration would be known in October and an adjustment of the United Nations floor was thus perfectly feasible as of 1 January 1991. The change of payroll systems and computer programmes would certainly not be an insurmountable problem for the United Nations system organizations. What was most important was fair treatment of staff.

199. The representative of CCISUA stressed the importance of the base/floor salary scale issue. He recalled that the Working Group on the comprehensive review, when developing the concept of the remuneration floor and envisaging its application both to separation payments and to the mobility/hardship matrix, had underlined the need for a regular adjustment of the base/floor amount in line with the movement of the remuneration of the comparator in Washington. The General Assembly itself had implicitly recognized this principle in resolution 44/198. Yet the scale only just implemented was already lagging behind comparator pay. It was therefore essential that the Commission take action at the present session. Unless this was done, one would return to the era of ad hoc arrangements which the decisions taken under the comprehensive review were intended to eliminate. Moreover, there could be no de-linking of the question of the remuneration floor per se from its application to separation payments and the mobility/hardship matrix. For this reason, only the general approach outlined under the option calling for a 12 per cent increase in the scale was acceptable. The percentage of adjustment and the effective date could be open to question, but there could be no doubt as to the need for action this year.

Discussion by the Commission

200. The Commission noted that the base/floor salary scale it recommended to the General Assembly was based on the 1989 scale of salaries for the United States federal civil service employees. Those salaries had been increased by 3.6 per cent on 1 January 1990, and a further increase of around 4 per cent was anticipated as of 1 January 1991. The Commission also noted that an adjustment would also be required in view of the changes in the tax calculation procedures. In view of the above it considered that it would be inappropriate to maintain the base/floor salary scale at its current level.

201. The Commission considered that the calculation of the necessary increase in the base salary scale should reflect comparator salary increases that had taken effect and not those which were anticipated, given the uncertainties relating to comparator salary adjustments in recent years. It was noted, however, that excluding proposed salary increases from the calculation would, of necessity, create at least a one-year lag between the increase in comparator salary levels and the equivalent increase in the base/floor salary scale for the United Nations system.

202. The Commission considered that these adjustments should be done by the application, through consolidation of post adjustment on a no-gain no-loss basis, of an across-the-board percentage adjustment, equal to the percentage adjustment in the comparator civil service with any adjustment for tax changes. To this end it would take a periodical reading of the after-tax salaries in the comparator civil service in Washington D.C., to arrive at the level of the adjustment required.

203. Considering the 1 January 1990 United States federal civil service salary increases of 3.6 per cent and relevant changes in tax calculations, the Commission considered that an 8.5 per cent increase in the base salary scale would be required.

204. The Commission noted the views of the organizations with regard to administrative difficulties of implementing a revised base salary scale with effect from 1 January of the year in which such adjustment was introduced. While some members were of the view that the adjustments should be implemented as of 1 January, the Commission agreed to recommend that the adjustment to the base/floor salary scale of 8.5 per cent be implemented from 1 March 1991.

205. One member of the Commission noted that a significant increase in the mobility and hardship allowance had been approved by the General Assembly effective 1 July 1990. The impact of that increase on the overall remuneration package had not been assessed to date. The proposed 8.5 per cent increase in the mobility and hardship allowance would result in a further upward adjustment of this allowance. Consequently, the mobility and hardship allowance would reach a very high level soon after a significant increase was implemented on 1 July 1990.

206. The Commission noted that as a result of increasing the base/floor salary scale by 8.5 per cent, staff at duty stations with post adjustment multipliers of less than 8.5 would receive a benefit equal to the difference between 8.5 and the multiplier in effect. It was estimated that the cost relating to this would be some $220,000 per annum. Since the base/floor salary scale is used in conjunction with the mobility/hardship matrix, these allowances will also be increased as a result of the proposed upward adjustment to the salary scale. It was estimated that the additional costs associated with this element would be some $4.9 million per annum. As a result of the adjustment to the base/floor salary scale the amounts of separation payment, with the exception of those relating to the commutation of annual leave, will also go up by some 3.5 per cent resulting in additional financial implications of $350,000 per annum. The total financial implications of its recommendation for an adjustment of the base/floor salary scale were therefore estimated at $5.5 million per annum. The additional costs for 1991 would therefore be some $4.6 million.

Decision by the Commission

207. The Commission decided to recommend to the General Assembly that the current base/floor salary scale should be increased, through consolidation of post adjustment classes, by 8.5 per cent. It further decided to recommend that the resulting scale, shown in annex XIV should be implemented from 1 March 1991.

208. The Commission also decided that it would review in future the base/floor salary scale in the light of the changes in the United States federal civil service salaries and the relevant rates of taxation and consider making recommendations to the General Assembly as appropriate.

4. Supplementary payments and deductions

209. The Commission considered the General Assembly's request in resolution 44/198, section III.C, to pursue its collection of information on the practice of supplementary payments and deductions. The latest information showed that 51 Member States had still not replied to the ICSC Chairman's four requests for information, among which were four permanent members of the Security Council. These are listed in annex XV. In a letter dated 29 June 1990 to the ICSC Chairman, the Secretary-General of the United Nations expressed his strong opposition to the practice of supplementary payments and deductions. Information was also received from five organizations, UNESCO, WHO, UPU, ITU and WIPO, in response to the Chairman's request to the executive heads for information. Three Member States that admitted the practice of supplementary or equalization payments provided further information which was reviewed by the Commission.

Views of the organizations

210. CCAQ reiterated in the strongest terms its concerns about the inconsistency of the practice of supplementary payments and deductions with the principle of equal pay for equal work and the consequences for the independence of the international civil service. The organizations had been active in bringing these concerns to the attention of their governing bodies as well as their staff. Supplementary payments were evidence of the uncompetitiveness of United Nations system salaries, particularly when one of the Member States concerned was the comparator.

211. The Assistant Secretary-General for Human Resources Management of the United Nations stated that the Secretary-General had deemed such practices inconsistent with the Charter and in breach of staff regulations. They undermined the principle of equal pay for equal work and were prejudicial to a basic principle of the international civil service. He reported that it was the Secretary-General's intention to meet with Member States in small groups and request them to abolish such practices. He reminded the Commission, however, that it had to be cognizant of the root cause of the problem, which was the level of remuneration and problem of housing in many duty stations. He reported that a high-level working group had been established by the Secretary-General to study further the issue of supplementary payments. Until the Secretary-General had decided on the disposition of the working group's report, it would not be possible to share that report with the Commission.

Views of the staff representatives

212. The President of FICSA associated himself with the statement by the Chairman of CCAQ and urged the Chairman to take more energetic action than hitherto to stop those unacceptable practices.

213. The representative of CCISUA noted that the Secretary-General had pursued various cases of income tax fraud to the point of summary dismissal in the cases of a number of staff members. CCISUA was of the view that to receive supplementary payments was a no less serious infraction of the staff rules and asked that the same standards of investigation and prosecution be applied in these cases as in others. He recalled that in the CCISUA statement last year the Commission was called upon to recommend to the Assembly that the Internal Audit Division begin investigations into these practices immediately. He also referred to the practice of deductions on which concrete evidence now existed and which should be of equal concern to the Commission.

Discussion by the Commission

214. The Commission reiterated its unanimous and total opposition to such practices and discussed ways to end them. The Commission appreciated the efforts made by the Secretary-General in this regard and expressed the hope that other executive heads would follow his example.

215. The Commission noted that approximately two thirds of the Member States had by now complied with the Chairman's request for information, including three Member States that admitted the practice. The Commission considered that although it believed that the majority of the 51 Governments that had not replied did not necessarily indulge in this practice, there were surely among the 51 some that did. The failure of four permanent members of the Security Council to provide information caused concern in the Commission. The Commission also noted that the most recent letter from the Deputy Permanent Representative of the Federal Republic of Germany to the United Nations candidly referred to other Member States that also made equalization payments.

216. One member of the Commission was of the view that among the 51 Governments that had not replied a great number of them did not grant supplementary payments. Consequently, it was not a priority to reply to questionnaires on problems that obviously did not concern them. Therefore, it would be important if the Chairman could explain to them through personal contacts why their replies would be helpful in overcoming the problem of supplementary payments. The Chairman recalled that the Commission had previously been opposed to this idea.

217. In response to suggestions from the staff representatives that the Commission declare these practices to be illegal, the Chairman referred to previous Commission decisions stating that such payments were unnecessary, inappropriate and, moreover, inconsistent with the provisions of the staff regulations. 23/ He was of the view that this was a domain for the executive heads, some of whom were aware of the practice in their organizations.

218. In response to queries from the Commission as to what measures the executive heads that had not replied to the Chairman had taken, the CCAQ Chairman assured the Commission that the majority of them had brought this matter to the attention of their governing bodies. He pointed out that the matter was regularly raised with the particular ministries with which an organization officially interfaced and that these contacts would continue.

219. The Commission explored at some length the feasibility of recommending to the executive heads that they institute sanctions or disciplinary proceedings against those staff members who were in receipt of such payments. They also discussed the possibility of asking all staff members to attest to the fact that they did not receive such payments. They decided at this stage, however, not to pursue this line of action as it would unnecessarily infringe upon the majority of staff members who did not receive supplementary payments.

Decisions of the Commission

220. In light of the above, the Commission decided:

(a) To report to the General Assembly that 51 Member States had not replied to the Chairman's four requests for information;

(b) To express its concern and disappointment over the fact that four permanent members of the Security Council, namely, China, France, the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland, figured among the 51 referred to above;

(c) To reaffirm that such arrangements were unnecessary, inappropriate and undesirable and, moreover, inconsistent with the provisions of the staff regulations of the organizations and as such must stop;

(d) To note with appreciation the efforts made by the Secretary-General both as the executive head of the United Nations and in his capacity as the Chairman of ACC to discharge his obligations in this regard and express the hope that he would soon be in a position to report progress on the matter;

(e) To reiterate its previous requests to executive heads to pursue their efforts to gather information from their own staff on this question.

CHAPTER V

CONDITIONS OF SERVICE OF THE GENERAL SERVICE AND RELATED CATEGORIES

A. Survey of best prevailing conditions of service in London

221. As part of its responsibilities under article 12 of its statute, the Commission conducted a survey of best prevailing conditions of service for the General Service and related categories in London. The salary scale recommended by the Commission is reproduced in annex XVI. The financial implications of the recommendations were estimated at approximately $616,000 per annum, using the exchange rate of 0.62 pounds to 1 United States dollar, in effect on 1 April 1990.

B. Survey of best prevailing conditions of service in New York

222. As part of its responsibilities under article 12 of its statute, the Commission had conducted a survey of best prevailing conditions of service for staff in the General Service, Trades and Crafts and Security Service categories in New York. The salary scales recommended by the Commission for those three categories of staff are reproduced in annex XVII. The recommended salary scales would constitute over-all increases vis-à-vis the scales in effect as of 1 November 1989 of 10.73 and 14.09 per cent for the Trades and Crafts and the Security Service categories, respectively. For the General Service category the scale resulting from the survey was 0.3 per cent higher than the scale in effect on 1 October 1989 but 4.6 per cent lower than the scale in effect from 1 November 1989. The financial implications resulting from the implementation of the salary scales for the Trades and Crafts and the Security Service categories were estimated at $1.8 million per annum. The financial implications and further details of the implementation of the General Service salary scale are discussed in paragraphs 289 to 306 below.

C. Survey of best prevailing conditions of service in Rome

223. As part of its responsibilities under article 12 of its statute, the Commission conducted a survey of best prevailing conditions of service for the General Service and related categories in Rome. The salary scale recommended by the Commission is reproduced in annex XVII. The financial implications of the recommendation were estimated at approximately $4.5 million per annum, using the exchange rate of 1,255 lire to 1 United States dollar, in effect on 1 February 1990.

D. Implications of the decisions arising out of the comprehensive review of conditions of service of the Professional and higher categories for the General Service and related categories

224. The Commission examined the implications of the decisions of the General Assembly arising out of the comprehensive review of conditions of service of the Professional categories and above as they related to the General Service and related categories. In its fifteenth annual report, the Commission had noted that a number of recommendations made in the area of motivation and productivity were equally relevant to the General Service and related categories. 24/ Bearing this

in mind, the Commission considered the impact of the decisions taken concerning the three issues that related to the General Service category:

(a) The children's allowance in respect of disabled children;

(b) The mobility/hardship allowance for internationally recruited General Service staff;

(c) Two steps on promotion and other recommendations in the area of motivation and productivity.

Views of the organizations

225. The Chairman of CCAQ agreed that the allowance in respect of disabled children should be set at double the normal amount of the allowance. He noted further that, if the fact that the disabled child were the first dependant generated a higher amount of the children's allowance, the amount paid in respect of the disabled child should be double the amount of the regular children's allowance. This would be in line with the arrangements agreed upon in respect of the Professional and higher categories.

226. CCAQ considered that it would be appropriate to make provision under the new mobility and hardship arrangements for the extremely small number of General Service staff serving in non-local status in applicable locations. The Committee noted that application of the mobility and hardship matrix required the use of a fixed reference point; following consideration, it had concluded that the rate applicable to internationally-recruited General Service staff should be the equivalent of that payable to staff in grades P-1 to P-3. CCAQ could not agree with the ICSC secretariat's proposal to exclude the non-removal element from the payment of this allowance. However, in order to avoid over-compensation in terms of total emoluments, CCAQ proposed that the non-resident's allowance should be discontinued to cases where the amount of the mobility and hardship allowance was higher than the non-resident's allowance. In cases where the amount of the mobility and hardship allowance was higher than the non-resident's allowance. In cases where the amount of the mobility and hardship allowance was lower, the difference between the mobility and hardship allowance and the non-resident's allowance should be payable in addition. CCAQ also recommended that the assignment grant should be payable to internationally recruited General Service staff.

227. CCAQ also supported the proposals for the award of two steps on promotion for General Service staff. In this respect, the Chairman pointed out that the premise underlying the establishment of the award of two steps on promotion was the need to recognize promotion in a tangible form and was unrelated to the inter-step differential. It was thus entirely logical to extend the scheme, which had been established for the Professional staff, to the General Service category. He noted also the undesirability, from a personnel management standpoint of adding to the differences between the Professional and General Service categories. CCAQ recommended that all these measures should take effect from 1 July 1990.

228. The representative of the ITU expressed his views on the question of two steps on promotion and other recommendations in the area of motivation and productivity. In his opinion, the change for the Professional and higher categories had been introduced within the context of motivation and productivity and of the change in remuneration structure. The value of the step for the Professionals was only

2.4 per cent of pay, which did not produce any significant overlapping of grades; the value of the step for the General Service category was often higher (e.g., 3.4 per cent in Geneva). As a result, significant grade overlapping occurred at many duty stations in the General Service category. If, therefore, additional step increases were granted, the result would be that staff in this category would reach the ceiling much faster, therefore creating another kind of problem. While prepared to follow the common system decision on this matter, he invited the Commission to consider all the aspects of this issue before formulating its recommendation.

Views of the staff representatives

229. The President of FICSA emphasized the need to apply certain elements of the comprehensive review on conditions of service of the Professional and higher categories to General Service staff as a matter of equity. This referred in particular to the three aspects under discussion. As a result of FICSA's participation in CCAQ and its working group on field staff, a common position had been reached which FICSA recommended to the Commission for adoption.

230. The representative of CCISUA expressed dissatisfaction with some of the statements concerning the General Service and related categories. He was of the view that the ICSC statute underscored the need to promote an integrated and unified international civil service. In his view statements were made about the common system, commonality of treatment should extend to the General Service and related categories. Decisions of the Commission should not promote the feeling of some General Service staff that a discriminatory atmosphere existed in some of the organizations.

Discussion by the Commission

231. The Commission considered the proposal as regards the children's allowance in respect of disabled children for the General Service and related categories should be set at double the normal amount of the children's allowance applicable for those categories. It was of the view that in conformity with its recommendation in this regard for the Professional and higher categories of staff, 25/ which was endorsed by the General Assembly in its resolution 44/198, section I.G, paragraph 1 (a), the amount of the allowance should also be set at double the normal amount of the children's allowance for the General Service and related categories of staff.

232. With regard to the mobility/hardship allowance for internationally recruited General Service staff opinions differed as to the appropriateness of the Commission considering this issue. Several members felt that it was appropriate to consider this matter as the Commission's mandate encompassed conditions of service of all categories of staff. One member, however, was of the view that organizations, rather than the Commission, should make decisions concerning this category of staff, thereby providing the administrations with greater flexibility.

233. Most members accepted the explanation given by the Chairman of CCAQ of the amendment to the hardship/mobility matrix that the fixed reference point should be related to P-4/step VI scaled down by 13 per cent to reflect relative salary levels of this category of staff and to ensure equity of treatment with other categories of staff in similar jobs at the same duty station.

234. The Commission next considered the issue dealing with two steps on promotion and other recommendations in the area of motivation and productivity. While recognizing the need to provide equity among both categories of staff, it nevertheless felt that in this respect there was no automatic linkage and this question should be addressed within the context of a general review of conditions of service for the General Service and related categories.

Decisions of the Commission

235. The Commission decided to recommend that:

(a) The children's allowance in respect of disabled children for the General Service and related categories should be set at double the normal amount of children's allowance applicable for those categories, effective 1 July 1990. Where the disabled child was the first dependant and generated a higher amount of the allowance, the amount paid would be double the amount of the regular allowance, not of the higher amount;

(b) The mobility and hardship matrix approved for the Professinal and higher categories should be applied also to internationally recruited General Service staff, with effect from 1 July 1990, except that the reference point would be P-4, step VI, scaled down by 13 per cent to reflect salary relativities more appropriately and ensure equity of treatment with other categories of staff in similar jobs at the same duty station. Where the resulting amounts were lower than the current amount of the non-resident allowance payable to internationally recruited General Service staff, an amount equal to the difference between the two should be payable in addition according to administrative arrangements to be determined by the organizations;

(c) The assignment grant should be payable to internationally recruited General Service staff on the same terms and conditions as for the Professional and higher categories, with effect from 1 July 1990.

The Commission noted that the financial implications of its recommendation in (a) above were estimated at $100,000, per annum while those relating to the recommendation in (b) and (c) above were estimated at $285,000 per annum.

E. Judgement of the Tribunal of the International Labour Organisation on the Vienna commissary issue

236. At its twenty-sixth session (6-24 July 1987) the Commission reviewed the survey of best prevailing conditions of service for the General Service and related categories in Vienna. Following that review the Commission had made a recommendation to the executive heads of the Vienna-based organizations concerning salary scales for the General Service and related categories in Vienna. The recommended scales incorporated, among other elements, an adjustment of 2.4 per cent to account for the Commissary benefit available to staff of the Vienna-based organizations. The Commission was informed at its thirty-first session that there had been a legal challenge to the salary scale implemented by the executive heads with respect to the treatment of Commissary benefits. Challenges were heard in 1989 both by the United Nations Administrative Tribunal and by the ILO Administrative Tribunal, which had jurisdiction over United Nations matters and over IAEA and UNIDO matters, respectively. The ILO Administrative Tribunal judgement No. 1000 was binding upon both IAEA and UNIDO. It had found for

the complainants and set aside the salary scales that had come into effect on 1 October 1987. In addition, the Tribunal had decided that the cases should be sent back for recalculation of pay. The representative of the United Nations indicated that the Secretary-General would uphold the commonality of the system and therefore would not contest the parallel case before the United Nations Tribunal.

Views of the organizations

237. The representative of IAEA informed the Commission that his organization would adhere to the judgement and requested the Commission to recommend a salary scale that would be in accord with the judgement. He further requested the Commission's guidance with regard to the implications of the judgement for the next salary survey at Vienna survey methodology.

Discussion of the Commission

238. The Commission discussed the issue on the basis of available information. It agreed, however, that as the subject affected its powers and mandate as contained in articles 11 and 12 of its statute the matter required further study on the basis of legal advice which was yet to be obtained.

Decision of the Commission

239. The Commission took note of judgement No. 1000 of the ILO Administrative Tribunal. It recommended to the Vienna-based organizations, for application to the General Service and the Trades and Crafts category in accordance with the judgement, the salary scales shown in annex XIX to the present report. It requested its secretariat to provide it with a statement of the implications of the judgement and decided to revert to the matter on that basis in 1991.

CHAPTER VI

CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES

Review of the level of the education grant

240. In resolution 44/198, section I.G, paragraph 2, the General Assembly took note of the Commission's recommendations, submitted as part of the comprehensive review of conditions of service of the Professional and higher categories of staff, 26/ that (a) the revised arrangements on the currency of payment should remain in place for the time being, but should be evaluated on the basis of experience with the first round of education grant claims and (b) the level of the grant should normally be reviewed every two years. The Commission examined proposals submitted by CCAQ and those from its secretariat in this regard. The proposal from the organizations called for a uniform increase in the levels of the allowable expenses and, consequently, in the maximum amounts of the education grant. The ICSC secretariat, on the other hand, recomended increases for only those areas where education related expenses were incurred in specific currencies.

Views of the organizations

241. The Chairman of CCAQ submitted recommendations for reviewing the level of the education grant, based on a survey of staff members' educational expenditures during the school year of 1988-1989. This survey showed that 8.19 per cent of cases exceeded the current $9,000 ceiling on allowable costs. In order to bring the proportion of such cases into line with the levels resulting from the two previous reviews of the education grant, CCAQ was proposing that the current ceiling should be increased to $11,000 per year. A concomitant increase in the ceiling on boarding costs from $2,000 to $2,450 was recommended. On the basis of a review of cases of the special education grant for disabled children, it was proposed that maximum allowable costs should be increased to $11,000 a year, with the existing rule of 100 per cent reimbursement in local currency remaining unchanged. Since those amounts represented an increase of 22.2 per cent, CCAQ proposed that at those locations where the grant was expressed in local currency, the local currency amounts should be adjusted upwards by the same percentage. These provisions should take effect from the school year in progress on 1 January 1991. Noting that the provision for the additional reimbursement of boarding costs at designated duty stations had recently been revised as part of the comprehensive review (that is, an increase in maximum amount from $2,000 to $3,000 per year and a limitation to primary and secondary levels of education), the Committee proposed that the currently applicable amount should remain unchanged.

242. At the same time, CCAQ pointed out the need for a review of the methodology used to determine the adequacy of the level of the grant. It intended to undertake that in the near future, with a greater emphasis on school fees, i.e. prices, as an indicator of costs at specific locations. CCAQ had concluded that it would be unwise to contemplate a change in the manner of adjusting the grant (for example, adjusting by different percentages at different locations) before this methodological review had been completed.

243. Commenting on the ICSC secretariat proposal for location-specific adjustments, CCAQ also noted that the Commission had recently reaffirmed that the amount of the education grant should not be differentiated by level of education or by location.

CCAQ felt that the granting of location-specific adjustments might be inconsistent with the principle of a non-differentiated grant. It was also clear that criteria would need to be developed for ensuring equity over time of such location-specific adjustments. CCAQ had therefore concluded that until these and other unanswered questions had been resolved, it would be more reasonable to retain a uniform adjustment approach and to address the question of the pros and cons of global versus location-specific adjustments in a broader, methodological context. CCAQ further noted that a uniform percentage adjustment would not compromise the equitable treatment of staff at different locations, because the grant which represented a percentage reimbursement of costs actually incurred, was designed to prevent over-compensation.

Views of the staff representatives

244. The President of FICSA stated that while FICSA was not against a selective approach per se, it considered that such a fundamental change must be accompanied by an in-depth study, showing advantages and disadvantages over the present system. In addition, members of FICSA would have to pronounce themselves on a change in methodology to determine and adjust the grant. FICSA supported the CCAQ proposals on a global increase in the maximum amount of the education grant, which were based on a detailed analysis and study in which FICSA had participated.

245. The representative of CCISUA stated that great importance was attached to the level of education grant and expressed concern over the rising cost of an adequate education for the children of staff members. CCISUA appreciated the Commission's recommendations, approved by the General Assembly, to review the level of education grant every two years. That, in the opinion of CCISUA, was a wise and rational approach in order to avoid past experiences which had made it necessary to increase the level of education grant by 50 per cent. Establishment of an automatic adjustment mechanism would be the most appropriate and logical way to address this problem as it would introduce a large measure of clarity, simplicity and predictability. CCISUA was of the view that an overall increase in the existing level of education grant was overdue. CCISUA therefore expressed strong support for the proposals of CCAQ. CCISUA also felt that a comprehensive review of criteria and methodology for the education grant within the near future was needed. Within the context of this review, the nature of the grant and the eligibility requirements should be thoroughly examined in broader terms to accommodate the changing needs of the organization and staff.

Discussion by the Commission

246. The Commission noted that the currency floor provisions, which had been introduced at the time of the 1983 review, had been retained for the 1988 review so as to avoid staff members at some duty stations benefitting by less than the uniform increase that had been recommended and approved. The Commission recalled that the General Assembly had approved the 1988 increase on the basis of local currency entitlements for those countries where the remuneration correction factors were applied, with dollar-based entitlements being restricted to the rest of the world. Thus the single dollar entitlement linked by floor exchange arrangements was replaced by seventeen different entitlement levels denominated in seventeen different currencies. Members recognized that this change in the system had direct

implications for the type of adjustment system that would be appropriate for periodic revision of the level of the education grant. It was the view of members that, given the inter-relationship between the currency of payment arrangement and the effective real value of the education grant, an appropriate review could only be made after reviewing the experience of the currency of payments arrangements, as well as the effects of widely differing inflation rates.

247. In the light of its experience with the 1983 and 1988 revisions of the grant, the Commission observed that the current adjustment system of uniform adjustments for inflation combined with full currency protection had yielded results that were not entirely equitable between duty stations. The Commission noted that this approach did not differentiate for significantly varying rates of inflation experienced over various duty stations and it discriminated in favour of hard currency, low inflation duty stations vis-à-vis softer currency, high inflation duty stations. This effect could be particularly marked, in practice, due to the fact that softer currency countries tend to experience higher rates of inflation. For instance the present value of the grant at current (July 1990) exchange rates varied between $6,750 in the United States dollar area to $10,300 in the Japanese yen area. It was noted under this kind of arrangement that needs were unevenly met as the percentage of excess expenditure costs above the maximum allowable level ranged from zero in nine predominantly hard currency areas to 26.3 per cent in the pound sterling area. The three areas where the grant was least adequate to cover needs (United Kingdom: 26.3 per cent of cases exceeded costs; Italy: 15.5 per cent; and United States dollar area and other countries where no remuneration corrective factor was applied: 10.5 per cent) were the ones with lower absolute grant levels and the ones with weaker currencies and higher inflation rates. The areas with the most adequate grant levels (i.e. no case exceeding costs) were the ones with the higher absolute grant levels in United States dollar equivalent terms.

248. It was against this background that the Commission examined the recommendation of CCAQ for continuing the existing adjustment system and for a 22 per cent increase. While the proposed uniform increase carried a certain appeal in terms of simplicity and transparency, it would increase the allowable expenditure limit both where there was a demonstrated need (actual costs exceeding current maximum allowable costs) and elsewhere as well. This approach would not adequately focus on areas where expenditure cases exceeded the maximum allowable costs and would, thereby, not improve equity of treatment among duty stations. Although a uniform increase would not result in overcompensation, as the grant represented a percentage reimbursment of costs, members noted that it would result in systematic under-compensation at those duty stations where the need was greater, thus increasing inequities. Referring to the post adjustment system in which equity was achieved through maintenance of parity of purchasing power by adjusting for both exchange rate fluctuations and changes in inflation, the Commission noted that the present adjustment mechanism for the education grant differentiated only for currency through the currency floor arrangments but not for differences in inflation rates. This differentiation had in fact resulted in a de facto selective approach, as evidenced by the varying quantum of the education grant at different duty stations. The information in annex XX relates existing grant levels and the need for an increase, as demonstrated by the proportion of expenditure cases in excess of maximum allowable costs.

249. The Commission noted the problems identified by the CCAQ study and related issues raised by the secretariat with respect to the methodology for reviewing the grant and decided that they merited further study in 1991. Such a study could include the possible use of school fees as an indicator for price movement as against the present cost approach based on staff expenditures.

250. The proposals of CCAQ on the ceiling on boarding costs, additional reimbursement of boarding costs, and special education grant for disabled children were also reviewed by the Commission. The Commission's decision regarding the ceiling on boarding costs may be found in paragraphs 251 (a) and (b) below. As regards the additional reimbursement of boarding costs and special education grant for disabled children, it agreed to revert to these matters as part of the full study of the process for setting education grant levels in 1991.

Decisions of the Commission

251. The Commission decided to recommend that:

(a) In areas where education related expenses are incurred in Japanese yen, Austrian schillings, Swiss francs, Netherlands guilders, Finnish markkaa, Belgian francs, Danish kroner, French francs, CFA francs, Irish pounds or Norwegian kroner, the maximum amount of admissible expenses and the ceiling on boarding costs should remain unchanged at its current level;

(b) In areas where education related expenses are incurred in currencies other than those in subparagraph (a) above, the maximum amount of admissible expenses, the maximum grant and ceiling for boarding costs should be set as shown below:

Currency	Maximum admissible educational expense (local currency)	Maximum grant (local currency)	Ceiling for boarding (local currency)
Deutsche mark	26 395	19 800	5 867
Spanish peseta	1 429 740	1 072 500	317 778
Italian lira	15 397 200	11 549 997	3 422 220
United Kingdom pound	7 183	5 387	1 596
United States dollar area	11 000	8 250	2 450

(c) The amount of additional reimbursment of boarding costs over and above the maximum grant payable to staff members at designated duty stations should be maintained at the present entitlement level;

(d) The amount of the special education grant for each disabled child should be equal to 100 per cent of the revised amount of maximum admissible educational expenses for the regular education grant;

(e) The measures would be applicable as from the school year in progress on 1 January 1991.

The Commission decided that the recommended increases in the education grant for related duty stations was an interim measure and was made on the clear understanding that the Commission would undertake a full study in 1991 of the process for setting education grant levels.

Financial implications

252. The financial implications associated with the proposals were estimated at approximately $1.96 million in respect of the increase in the maximum reimbursable level and $1.2 million in respect of the increase in boarding costs.

253. The President of FICSA expressed regret at the Commission's recommendation, which, he felt, was based on political considerations. He again underlined the need to inform the Assembly that, during the first year, the cost implications would be about the same as those for a global increase. He doubted whether an in-depth study could be made within one year.

CHAPTER VII

CONDITIONS OF SERVICE IN THE FIELD

Review of the conditions of service of the Field Service category

254. Since its twentieth session (July 1984), the ICSC has reviewed various conditions of service for the Field Service category. During its review it has noted that a number of common system organizations, other than the United Nations, make use of the Field Service salary scales. Accordingly, the Commission concluded that the subject of conditions of service of Field Service category was a common system issue. 27/

255. The Commission recalled that, as part of its consideration of the mobility element of the assignment allowance at its twenty-sixth session (July 1988) it "noted that the Field Service category was by nature a mobile service and that staff were compensated through comparison with the United States Foreign Service. The possible consideration of the award of the mobility incentive or other allowances for the Field Service category would be more appropriately reviewed after the Commission had completed its review of the remuneration of the Field Service category". 28/ In view of the Commission's work related to the comprehensive review of the conditions of service of the Professional and higher categories, however, the Commission decided to suspend the review of the Field Service category until completion of the comprehensive review.

256. At the Commission's thirty-first session (March 1990), the Commission was informed that changes to the remuneration package of the Professional and higher categories emanating from the comprehensive review of the conditions of service of staff members in that category had implications for the entitlements of the Field Service category. Accordingly, a course of action was proposed involving a revised comparison methodology, which would make use of the current job classification system for the Field Service category and would result in revised remuneration levels and elements for the category. A revised remuneration package for the Field Service category was therefore submitted to the Commission at its current session for its consideration based on the following features:

(a) A remuneration comparison with the United States federal civil service;

(b) A grade equivalency study with the United States federal civil service;

(c) An adjustment mechanism for Field Service remuneration based on adjustments to the same remuneration elements of the Professional and higher categories.

Views of the organizations

257. The representative of the United Nations noted that the Field Service category encompassed a wide variety of occupations related to peace-keeping operations and should not be confused with the technical assistance or humanitarian relief staff generally referred to as field staff. The Field Service staff last received a salary increase in 1981. Since that time, the peace-keeping operations of the United Nations, to which the work of the Field Service is dedicated, had undergone a quantum change in number, extent, variety and size. In the past two years alone,

new missions have been established in Iran (Islamic Republic of), Iraq, Afghanistan, Namibia, Angola and Central America. It was noted that field service personnel were being used for other United Nations activities, for example, elections in Namibia, in addition to peace-keeping missions. He emphasized these developments because the backbone of the rapid deployment capability on which they depended was the Field Service staff.

258. Not only were these staff members required under the terms of their contracts to be ready to deploy in a matter of hours notice, they were called upon repeatedly, by the very nature of their work, to serve in areas of extreme hazard. Accordingly, he emphasized that a review of the conditions of service of the Field Service category should be made not only in the context of analytical elements, but should take into account the nature of the operations, the political environment of peace-keeping activities and the critical staffing needs imposed on the Organization when new missions were created. He noted that the secretariats of ICSC and the United Nations, as well as staff, had worked together closely on this review and that the Secretary-General welcomed the advice and views of the Commission on this item.

259. He recalled that since 1981, the United States foreign service had been used as the comparator for the Field Service category, with regard to which the Commission had, on several occasions, expressed concern. Accordingly, in the current review a grade equivalency study with the United States federal civil service was conducted on the basis of the job classification standard for the Field Service. Thereafter five countries were selected for remuneration comparison purposes (Israel, Syrian Arab Republic, Pakistan, Cyprus and Egypt), which represented the most populous peace-keeping missions and three quarters of the total Field Service staff. This comparison showed that the overall weighted average of emoluments of United States federal civil service staff abroad were some 20 per cent higher than those of the United Nations Field Service at these locations.

260. Based on the comparison and considering the redeployment and mobility required of Field Service staff and the obvious difficult conditions of life and work, he was pleased to note that the tripartite study group had recommended the application of the mobility and hardship packages to the Field Service category. In the application of the mobility and hardship matrix and assignment grant package to the Field Service category, the financial incentive, 18-month home leave, invariable elements of the monthly mission allowance, installation grant and pre-departure allowance currently granted would be terminated.

261. With regard to the recommended base salary scale he noted that it was constructed by incorporating in the scale 12 multiplier points of post adjustment, as was done for the Professional and higher categories with a view to attaining a similar level of overall compensation as the comparator at the duty stations with the highest number of Field Service staff. The resulting scale showed increases by grade and duty station of between 4 and 10 per cent.

262. He noted that the Secretary-General was of the view that the Field Service category of staff had rendered the highest service to the Organization and that this service had been recognized internationally and should be rewarded accordingly. The Secretary-General commended these proposals for the Commission's support.

Views of the staff representatives

263. The representative of the Field Service category staff noted that there had been no meaningful review of the Field Service conditions of service since 1981. He stated that staff had been bewildered at the lack of application of a mobility element to this category since mobility was required at 48 hours notice. He emphasized the disruptions of family life as a result of mobility requirements. He agreed with the use of the United States federal civil service as a comparator.

Discussion of the Commission

264. The Commission noted that the proposed modifications to the remuneration of the Field Service category represented essentially a re-designed remuneration structure and a revised remuneration adjustment system. In this regard, it expressed the view that staff in the Field Service category with duties and responsibilities similar to locally recruited General Service staff should be similarly remunerated. It recognized, however, the unique requirements of Field Service positions with regard to secure and confidential lines of communication and related considerations, which were identical in the comparator service. In both services this resulted in staff at a particular duty station being paid based on either local conditions for those functions where such considerations were not relevant, or on a base scale concept where such considerations were important.

265. The Commission noted that based on the recommendations, the remuneration of the Field Service category would, henceforth, be related closely to that of the Professional and higher category. In this regard, it recognized that both categories were internationally recruited, that hardship conditions applied equally at a given duty station and that mobility requirements were also relevant for the Field Service category as they were for some staff in the Professional and higher category.

266. With regard to the mobility element, the Commission expressed concern that the mobility and hardship matrix 29/ which was designed specifically for the Professional and higher categories, would now be applied to another category where other considerations may be more relevant. It noted Field Service mobility statistics, for example, which showed that Field Service staff moved to more duty stations in a shorter period of time than staff in the Professional and higher categories. It considered, however, that Field Service staff remained at a duty station for a shorter period of time than the staff of the Professional and higher categories, thereby reducing the applicability of the matrix. It also noted in this regard that the administrations, to a certain extent, controlled the degree of mobility, thereby also controlling payments under the mobility and hardship matrix. It recognized in this regard that the matrix would be applied to salary levels of the Field Service, which, under the proposed salary scale, had been scaled down by 13 per cent from the P-4, step VI, starting point.

267. With regard to the proposed base salary scale the Commission noted that FS-7, step VI, of the Field Service scale was linked to P-4, step VI, of the Professional and higher categories base salary scale, which in turn was linked to the level of remuneration of the comparator in Washington D.C. at an equivalent grade. It further noted that whereas P-4, step VI, represented the mid-point of the base salary scale for the Professional and higher categories, FS-7, step VI, represented the top of the Field Service base salary scale with the scale decreasing from that point below the P-1 level.

268. Some members reiterated the view, expressed at an earlier session of the Commission, that the Field Service category was a unique one related to the peace-keeping operations of the United Nations and, as such, it was not a common system issue. They noted, in this connection, that the use of this category of staff by other organizations (UNDP, UNHCR and FAO) was on the decrease. They were of the view that this category should be used for the United Nations peace-keeping operations and expressed the hope that other organizations would not make use of it. Other members were of the view that as long as this category of staff was being used by organizations other than the United Nations, it continued to be a common system issue. The Chairman further reminded the Commission that it had already decided that this was a common system issue and that the growing demand for this category of staff for use in organizing elections in sensitive areas such as Nicaragua, Western Sahara, Namibia and Cambodia had been noted.

269. The Commission considered that it would be necessary for it to monitor the development of Field Service remuneration after two years, particularly the application of the mobility and hardship matrix.

Decisions of the Commission

270. The Commission decided:

(a) To use the United States federal civil service for comparison purposes with the Field Service category;

(b) To recommend the base salary scale, shown in annex XXI for application to the Field Service category;

(c) To approve the application to the Field Service category of the mobility and hardship matrix for the Professional and higher categories. 29/ In the application of the matrix, the Field Service base salary scale recommended in subparagraph (b) above would be referenced;

(d) To approve the application of the assignment grant to the Field Service category;

(e) To approve future adjustments of the Field Service base salary scale and allowances in relation to adjustments to the same remuneration elements of the Professional and higher categories. In this regard it noted that it was recommending an increase in the base salary scale for the Professional and higher categories to the General Assembly at its forty-fifth session (see para. 207);

(f) To monitor the development of Field Service remuneration, particularly the application of the mobility and hardship matrix, after two years.

The Commission noted that the financial implications of its recommendation regarding the revised salary scale for the Field Service category were estimated at $2.14 million per annum. The financial implications relating to its decisions regarding the mobility and hardship allowance and the assignment grant for this category were estimated at $1.74 million per annum.

CHAPTER VIII

ACTION TAKEN BY THE COMMISSION UNDER ARTICLE 14 OF ITS STATUTE

Status of women

271. At its thirty-first session in March 1990 and its thirty-second session in July 1990, the Commission considered the question of the status of women in the organizations, in both the Professional and the General Service categories, in the context of its standing agenda item on special measures for the recruitment of women.

Professional and higher categories

272. The Commission's consideration included both the monitoring of its previous recommendations and a review of the statistical data composed of a comparative analysis of the time that men and women in the Professional and higher categories spent in grade as at 31 December 1988.

Views of the organizations

273. CCAQ requested that more attention be paid in the future to the mandates and resolutions on the subject adopted by other governing bodies, not just the General Assembly. CCAQ noted that organizations did not have an absolute prohibition on the employment of spouses. In some organizations, spouses could be recruited subject to certain conditions (e.g. that there should be no direct hierarchical relationship in the work-place); in others employment of spouses was not normally permitted, but exceptions could be made. CCAQ noted that in some organizations with very small numbers of staff, spouse employment was simply not feasible.

274. The representative of UNESCO was of the view that the objective of recruiting and retaining more women could be attained by the efforts not only of the organizations, but of the member States as well. He asked the Commission to urge member States to intensify their efforts to identify women for posts in the organizations. A problem common to many organizations was that of those women who had been offered posts and refused them because of the inability of their spouses to obtain administrative authority from the competent national authorities concerned to work at the particular duty station. He asked the Commission to recommend to the General Assembly that it request the host countries of international organizations to liberalize their work permit policies for spouses of common system staff.

Views of the staff representatives

275. The representative of CCISUA stated that the main problem for women in the General Service category was not lack of representation but of career development. Secretaries, as a group, had been particularly disadvantaged. As at December 1989 for Professional women in posts subject to geographical distribution, the percentage in the United Nations was 27.2 against the 30 per cent target set by the General Assembly for 1990. In 1989 only 22 per cent of the new recruits were women. She then provided some statistics on the representation of women at various levels in the United Nations. It was obvious that, given the slow progress, the end of the century would arrive without any meaningful change.

Discussion by the Commission

276. The Commission agreed that traditional attitudes remained the biggest obstacle to improving the status of women. The Commission further agreed that qualifications should be the main and indeed sole criterion also in the recruitment and promotion of men and women. All things being equal, however, most members of the Commission were of the view that until the organizations attained the targets set by them, affirmative action programmes favouring women were a necessity. Some members felt that it would be helpful to obtain data showing the progression of women from the P-5 to the D-2 levels with respect to recruitment and promotion from 1980 to the present.

277. Some members felt that it was important to bring to the attention of Member States the possibilities that existed for women in United Nations organizations and that more efforts should be directed to those countries whose female nationals were poorly represented. They wondered whether, in addition to other identified obstacles, at times of budgetary constraints the status of women was not more adversely affected than that of men.

278. With respect to General Assembly resolution 42/221, section V, paragraph 1 (b), the Commission was of the view that the organizations should be asked to provide data so as to identify some of the problems faced by women in the General Service category to enable it to report to the Assembly at its forty-fifth session.

Decisions of the Commission

279. In the light of the above, the Commission decided to recommend to the organizations that:

(a) In cases where national administrations required sponsorship, the organizations should do their utmost to inform those administrations of the importance they attached to the submission of women candidates;

(b) The highly technical organizations that reported the most difficulty in recruiting women should consider establishing outreach training programmes along the lines of the one developed by the IMO;

(c) They should intensify their efforts to increase the number of women at the P-5 level and above and in decision-making and policy-shaping posts throughout the organizations;

(d) They should establish, if they had not already done so, clear targets whose implementation was monitored;

(e) Where appropriate, they should intensify their efforts to increase the number of women consultants and technical advisers;

(f) They should abolish, if they had not already done so, the staff rules prohibiting the employment of spouses on regular posts;

(g) They should intensify their efforts to facilitate as appropriate the employment of staff members' spouses;

(h) They should amend, if they had not already done so, their personal history forms to permit candidates to indicate their willingness to have their forms shared with other agencies.

280. In response to Assembly resolution 42/221, section V, paragraph 1 (b), the Commission further decided to request its secretariat to meet with representatives of the CCAQ secretariat and the staff to devise a questionnaire that would be sent to the organizations, with a request that the completed questionnaires be returned to the ICSC secretariat in time to enable it to prepare a document for submission to the Commission.

General Service and related categories

281. In response to the General Assembly request referred to in the preceding paragraph, the Commission considered a report on the status of women in the General Service category on the basis of information collected by its secretariat, which, as agreed, had consulted the representatives of CCAQ and the staff. The information provided by the organizations included (a) an occupational group breakdown (using the CCOG code) by gender and grade, (b) time-in-grade by gender and by occupational group, and (c) promotions by gender from the General Service to the Professional category during 1989.

Views of the organizations

282. CCAQ had some difficulty in understanding the focus of the Assembly's request to analyse measures taken to improve the status of women in the General Service category. Since women were on the whole well represented in the General Service category, the issue was presumably not one of global representation, but of the career development of women in the General Service and related categories. On the one hand CCAQ concurred with the secretariat's conclusion that there was no discrimination between men and women in this category as regards either level of appointment or rate of promotion, while on the other hand, it acknowledged that these conclusions had been reached on the basis of less than representative data. CCAQ was of the view that this issue required a more proactive conceptual approach going beyond mere statistical analyses.

Views of the staff representatives

283. The Vice-President of FICSA referred to the emphasis over the past decade placed on the low representation of women in the Professional category, especially in senior posts. While FICSA supported efforts to correct this imbalance, it underlined that in most organizations the majority of women were in the General Service category. The study done by the ICSC secretariat had been hampered by lack of time and lack of usable input. Thus, it did not go to the root of the problem: since most women were located in secretarial and clerical occupations, their possibilities of advancing beyond the G-5 level were limited given the job classification levels of those posts. A review of recruitment, promotion and career development policies should be carried out in order to develop a balanced approach to human resources development. Recruitment of women in traditionally male-dominated occupations, including Trades and Crafts and Security, should be encouraged. FICSA proposed that a tripartite Working Group be established to carry out an in-depth study of the status of women in the General Service category and decide, inter alia, on its purpose, methods by which the study would be carried out and to propose recommendations and solutions.

284. The represesentative of CCISUA regretted the lack of priority given by the Commission to this important subject. It was essential to appoint and promote more women in the Professional category and above to decision-making posts through affirmative action programmes. The problem for women in the General Service category was not one of inadequate representation, since they were the majority in that category, but of career development. The representative of CCISUA strongly objected to the approach taken in the ICSC document on the issue of women in the General Service category, which she believed required more thorough study and consideration. CCISUA felt that the spirit and intention of General Assembly resolution 42/221, section V, had not been correctly interpreted. CCISUA therefore requested the Commission not to endorse the conclusions reached in the secretariat document on the basis that it is not what was requested by the General Assembly and was based on incomplete data. CCISUA urged the Commission to consider the establishment of a joint working group which would examine these issues in greater detail, with a view to formulating measures that would specifically improve the career progression of women in the General Service and related categories and in general enhance the status of all women in the common system of the United Nations.

Discussion by the Commission

285. The Commission recalled its numerous recommendations on the status of women in the Professional category, which had been a standing item on its agenda for the past five years. Although the Commission had in 1985 made a number of recommendations for non-Professional staff in connection with its consideration of the subject of human resources planning 30/, it was taking up this matter in the present context for the first time. The Commission was concerned that recent priorities related to its responsibilities vis-à-vis the comprehensive review of the conditions of service of staff in the Professional and higher categories had prevented it from devoting more attention to this category of staff whose contribution to the work of the organizations was so valuable. It could not agree, however, with the staff representatives that this issue had lacked priority. The Commission was the first body to bring the problems of women to the attention of the General Assembly and to make recommendations for their solution.

286. The Commission noted that in view of the limited data available it had been difficult for the secretariat to draw major conclusions. However, the broad conclusion could be drawn, based on the available material, that there did not appear to be any discrimination between women and men, a view shared by CCAQ. The Commission also noted the analysis of the data, which showed that there was no meaningful difference in the rate of advancement between women and men from one field of work to another and that time-in-grade was not linked to which gender primarily staffed a particular field of work; that overall, women, who accounted for approximately two thirds of the total staff in the General Service category, spent no more and usually less time in grade than men; and that, with regard to promotions from the General Service to the Professional category during 1989, men were slightly favoured, by 0.15 percentage points, over women.

287. The Commission recognized that while the document concentrated on the relativities between women and men in the General Service category, it was apparent that the staff representatives wished to broaden the consideration of the question to include the larger issue of career development. It noted that the CCAQ Personnel Data Base, while comprehensive, did not contain all of the information needed, and it was of the view that it should be supplemented by the collection of

additional data as required. The Commission was cognizant however that at a time of zero-growth budgets in many organizations, the various personnel departments that were responsible for producing data were often the first to undergo staff cuts.

Decisions of the Commission

288. In light of the above, the Commission decided:

(a) That, in order to meet the request of the General Assembly in its resolution 42/221, section V, the secretariat would write to the organizations reminding them of its past recommendations on the subject of career development for staff in the General Service category and request them to reply on the implementation of these recommendations and any other action they had taken;

(b) To form a tripartite working group on the status of women in both the General Service and Professional categories whose exact terms of reference would be quite broad, and whose overall aim would be to identify the problems facing women in the United Nations system and to aid the Commission in devising strategies for the implementation of its recommendations.

CHAPTER IX

ACTION TAKEN BY THE COMMISSION UNDER ARTICLE 17 OF ITS STATUTE

Implementation of the recommendations and decisions of the Commission

289. In the fall of 1989, the Commission conducted a survey of best prevailing conditions of service for staff in the General Service, Trades and Crafts and Security Service category in New York. Details of the Commission's recommendations in this regard and the resulting financial implications may be found under paragraph 222 of the present report.

290. Following the Commission's consideration at its March 1990 session of the data collected from the outside employers and after it had decided on the recommendations to be submitted to the executive heads of the organizations with staff in New York, it was approached by the Acting Under-Secretary-General for Administration and Management and the Assistant Secretary-General for Human Resources Management of the United Nations, who expressed their concerns about the results of the survey. In view of the importance of the subject the two officials requested the Commission for a "cooling off period" until July 1990. Concerns of the Secretary-General of the United Nations regarding the results of the survey were also communicated to the Commission through its Chairman. The Commission gave very careful consideration to the representations made by the Secretary-General and other senior officials. It concluded, however, that the survey methodology had been applied in a technically competent manner and therefore there was no reason to cast doubt on the outcome of the survey. It was in view of that that the Commission could not find any justification to postpone the submission of the results of the General Service survey to a later date.

291. At its July 1990 session the Commission was informed that the Secretary-General had decided to promulgate effective 1 October 1989 the revised salary scales for staff in the Trades and Crafts and Security Service categories as proposed by the Commission. Dependency allowances for staff in the General Service and related categories, as recommended by the Commission, were also revised with effect from 1 October 1989. As for the General Service category, however, the Secretary-General had decided to establish a special Joint Advisory Committee with representation from the United Nations, the United Nations Development Programme/United Nations Population Fund and the United Nations Children's Fund. The Committee established a working group to review the conduct and the results of the salary survey for the General Service category. The Secretary-General had decided not to promulgate the salary scale recommended by the Commission for the General Service category pending the review of the report to be prepared by the special Committee.

292. Subsequently, the Secretary-General decided not to implement the scale recommended by the Commission for the General Service category and instead implemented, effective 1 October 1989, the scale that went into effect as of 1 November 1989 as a result of the application of the interim adjustment procedure approved by the Commission at the time of the 1984 survey in New York. It was in view of these developments and as part of its responsibility under article 17 of its statute that the Commission addressed this matter at its July 1990 session.

Views of the representatives of the United Nations

293. At the outset the representative of the United Nations emphasized that he was speaking on behalf of all the New York-based organizations, for which the outcome of the survey of the General Service category had become a matter of concern. The Secretary-General was convinced that it was necessary to make a comprehensive effort to confront the range of concerns that affected this group of staff. The United Nations representative confirmed that the special Joint Advisory Committee had been assisted in its work by the ICSC secretariat. The Secretary-General, in considering the conclusions and recommendations of the special Committee, did not feel that he could ignore the problems encountered during and after the survey, as well as their implications for staff management relations. These considerations had come at a time when the staff of the Secretariat, including those in the General Service category, had made an important contribution to the accomplishments of the Organization in Namibia. The Secretary-General also could not ignore the fact that all other categories of staff in New York had benefitted recently from increases in their salaries. The United Nations representative reiterated that the external data of the survey were fully accepted by the Secretary-General but that he had focused instead on areas where the element of judgement had to be exercised. It was with this background in mind that the Secretary-General had decided to promulgate the November 1989 scale for the General Service category at New York effective 1 October 1989. The representative of the United Nations provided examples of the specific problems identified by the special Committee which formed the basis of the Secretary-General's decision. The Secretary-General had, inter alia, accepted the recommendation of the special Committee that ICSC should be requested to conduct an accelerated salary survey for the General Service and related categories in New York upon completion of its review of the headquarters' salary survey methodology.

294. The Assistant Secretary-General for Human Resources Management of the United Nations informed the Commission that the report of the special Committee was considered an internal document and could not therefore be distributed outside. He added that, in retrospect, the administration had realized that it could have handled some of the issues differently. For example, as regards the implementation of the interim adjustment that became due in November 1989, i.e. one month after the data collection exercise in New York had commenced, the impression was conveyed to staff that their salaries were in line with those applicable in the New York labour market. He urged the Commission to understand that the Secretary-General did not lack confidence in ICSC. The Secretary-General wished, in fact, to continue his full co-operation with the Commission in the future.

Views of the representative of the staff in New York and FICSA

295. The representative of the United Nations staff in New York reminded the Commission that at the end of the March 1990 session he had pleaded with the Commission to postpone its decisions on the question of the General Service salary survey in New York pending further review of the problem areas that had been identified. The Secretary-General had also addressed a similar plea to the Commission. The Commission, however, decided it could not do that; it had taken a decision that it deemed technically justified and unassailable. To avoid the current state of affairs the Commission could very well have postponed a final decision on the matter until the current session when it would have had every opportunity to review areas of concern to the staff. There were no adverse implications in the Secretary-General's decisions and no financial implications.

He informed the Commission that the special Committee had identified a number of problems relating to the conduct of the survey and provided details of those problems. The representative of the United Nations staff stated that it appeared to be the intention of the Commission to transfer the discussion regarding the New York General Service salary survey and its implementation from its present forum in ICSC to the Fifth Committee. He noted that the discussion in the Fifth Committee would not take place between the Commission and the Secretary-General, but rather between the representatives of the staff, the Commission and the Fifth Committee. He wondered whether it was the Commisson's intention to make a political case in the Fifth Committee against the staff and against the Secretary-General.

296. The President of FICSA reminded the ICSC that in 1979 the Director-General of ILO had taken the decision, supported by the Governing Body, to adjust General Service salaries in ILO, Geneva, by 3 per cent, after a prolonged freeze and in recognition of the staff efforts and their dedication to the Organization such decisions were encouraging for the staff.

Discussion by the Commission

297. At the outset the Commission recalled its mandate to make a recommendation to the Secretary-General and other executive heads in the common system regarding salary scales for the General Service and related categories of staff at Headquarters' locations. It was recognized that matters concerning the implementation of that recommendation remained the prerogative of the executive heads. The Secretary-General could refuse the recommendations of the Commission on salary scales and other conditions of employment for the General Service staff. Reasons for such action could include any matters other than technical ones, such as psychological impact, low morale of staff, effects of retrenchment, etc. as outlined by the representative of the United Nations. These matters, however, did not form a purely technical element and therefore did not fall within the competence of the Commission. The Commission was of the view that had the Secretary-General produced reasons other than the technical ones advanced, there would have been very little or indeed nothing for the Commission to say. In this regard the matter would have been of concern to the Fifth Committee of the General Assembly and to no one else. The Secretary-General, however, had taken a different route, advancing a technical justification to set aside a purely technical recommendation by the Commission.

298. The Commission recalled that during its deliberations at its March 1990 session every opportunity was given to the administrations and staff to express their views, which the Commission then addressed in depth. It further recalled that the position of the administrations in March 1990 was that the survey had been carried out in a competent manner and all that was requested was a "cooling off period". It was also recalled that the administration representatives had not complained about any contravention of the methodology during the survey. The Commission noted that while the staff of the New York-based organizations had raised specific issues, they had failed to make a convincing case regarding improper or faulty application of the methodology, this, in spite of repeated requests from a member of the Commission to cite even a single example. The position of the administrations at the July 1990 session of the Commission was, however, different.

299. It was recognized that the Secretary-General was confronted with two separate sets of recommendations as regards the General Service salaries in New York. The

first emanated from the Commission which, according to article 12 (1) of its statute, was mandated to "establish the relevant facts for, and make recommendations as to, the salary scales of staff in the General Service and locally recruited categories". The second recommendation came from a special Joint Advisory Committee consisting of representatives of the staff and the administrations only. It was noted that this two-party committee, unlike the Commission, offered no guarantees of an objective approach.

300. The Commission recalled that time and again its partners stated that the General Assembly modified the decisions of the Commission with little regard for the valuable input from the organizations and staff which had contributed to those decisions. The view was also repeatedly expressed that if the General Assembly did not agree with a particular decision of the Commission it should remand the matter to the Commission for reconsideration, a view shared by the Commission. If the Secretary-General felt that he could not accept the recommendation of the Commission because of perceived technical deficiencies of the survey, the matter should have been sent back to the Commission for further consideration.

301. In the present circumstances an unfortunate precedent had been created: any recommendation from the Commission, regardless of technical validity, could henceforth generate intense pressure from the staff on the executive heads to take decisions contrary to the recommendations of the Commission. The Commission was of the view that the decision about New York posed grave risks to the common system.

302. Regarding the Committee's recommendation and the Secretary-General's acceptance thereof that ICSC conduct an accelerated salary survey for the General Service and related categories in New York upon completion of its review of the headquarters' salary survey methodology, some members could not see how the Commission, in all seriousness, could be expected to engage once again in such an exercise. Those members were of the view that no survey should be undertaken until this unnecessary episode had been clarified.

303. The Commission noted that until the results of a future salary survey resulted in a change in the salary scale implemented by the Secretary-General, the staff from the General Service category in New York would continue to be overpaid by some 4.6 per cent. The Commission further noted that the financial implications associated with this amounted to some $5 million per annum.

Decision of the Commission

304. In light of the above, the Commission decided to report to the General Assembly, in accordance with article 17 of its statute, that the Secretary-General of the United Nations, acting in concert with the executive heads of UNICEF and UNDP had not accepted the salary scale the Commission had recommended as a result of the survey of best prevailing conditions in New York in October 1989, but instead implemented the November 1989 salary scale, with effect from 1 October 1989.

305. The technical reasons given for this action, that is "... difficulties encountered in the salary survey, ... and a need for greater consistency between the 1984 and 1989 surveys with regard to internal matching points and related elements", did not appear to be well founded since the survey was carried out in a technically correct manner, in conformity with the general methodology for such surveys. Further, the survey was carried out with the participation of the administrations' own representatives and those of staff who in response to direct

questions from the ICSC during the discussion of the survey at the March 1990 session were unable to substantiate any violation of the methodology during the survey process.

306. The Commission regretted this action because it violated the principle of best prevailing local conditions which governed the determination of General Service salaries, thereby setting an unfortunate precedent which in the future could damage the common system accepted by participating organizations. Furthermore, this decision could erode confidence in the Commission, thereby damaging its authority and therefore its capacity to function as envisaged in the statute.

Notes

1/ ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA and UNIDO.

2/ GATT and IFAD.

3/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. I, paras. 50-51.

4/ Ibid., vol. I.

5/ Ibid., Supplement No. 9 (A/44/9).

6/ Ibid., Supplement No. 30 (A/44/30), vol. I, para. 53.

7/ Ibid., vol. II, paras. 183-197.

8/ Ibid., paras. 359-454.

9/ Ibid., vol. II, para. 250 (a).

10/ Ibid., Thirty-ninth Session, Supplement No. 30 (A/39/30), para. 198.

11/ Ibid., Fortieth Session, Supplement No. 30 (A/40/30), para. 174.

12/ Ibid., Thirty-ninth Session, Supplement No. 30 (A/39/30), para. 191.

13/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 357.

14/ Ibid., para. 35.

15/ Ibid., para. 173.

16/ The 1 July 1990 scale approved by the General Assembly was based on the consolidation of 12 points of post adjustment into net base salaries and the removal of regressivity from the amounts of post adjustment per index point. The revised scale also included a provision for a 5 per cent increase in salaries. In order to achieve the goals of the consolidation and the removal of regressivity on a no-loss, no-gain basis, the post adjustment multipliers which went into effect as of 1 July 1990 had to be scaled down from their previous levels; hence, the drop in

the post adjustment multiplier for New York from 71 to 47.4. The multipliers projected for 1 October and 1 November were calculated using the multiplier for 1 July as the basis.

17/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 173 (e).

18/ Ibid., para. 173 (f).

19/ The Pay Comparability Act, a law passed by the United States Congress in 1970, was established to maintain full pay comparability between the United States federal civil service and its comparator, the United States private sector. The law established two entities, the Pay Agent (currently the Secretary of Labor and the Directors of the Offices of Management and Budget and Personnel Management) and the Advisory Committee on Federal Pay (a three-member group of private sector representatives). Under the law, the Pay Agent was required to submit an annual report to the President of the United States specifying the "gap" between Federal Civil Service pay and that in the private sector and to recommend a salary adjustment that would eliminate the "gap". The Advisory Committee was required to provide its views to the President on the Pay Agent's report. The law also gave the President the ability to recommend an alternative salary adjustment based on reasons of national emergency or economic conditions affecting the general welfare. Unless the President's alternative recommendation was overturned by the United States Congress, it would become law. Since 1978, the President had not followed the recommendations of the Pay Agent and the United States Congress had not overturned his decision except for a minor adjustment in fiscal year 1984.

20/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 118-119.

21/ Ibid., para. 310.

22/ Ibid., para. 453 (g).

23/ Ibid., Forty-second session, Supplement No. 30 (A/42/30), para. 146.

24/ Ibid., Forty-fourth Session, Supplement No. 30, (A/44/30), vol. II, para. 34.

25/ Ibid., para. 429 (e).

26/ Ibid., para. 406 (h) and (i).

27/ Ibid., Forty-second Session, Supplement No. 30 (A/42/30), para. 236.

28/ Ibid., para. 209.

29/ For the Commission's recommendations regarding the recognition for the field service/mobility/hardship for the Professional and higher categories of staff, see Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 313 and 333 (b).

30/ Official Records of the General Assembly, Fortieth Session, Supplement No. 30 (A/40/30), paras. 239-240.

ANNEX I

Glossary of technical terms

Accuracy	Denotes in the general statistical sense the closeness of computations or estimates to the true values.
Circularity	In the present document, the word circularity is used in the same context as the words downward spiral (see below). In the context of price indices, in statistical terms, the term circularity has an entirely different meaning.
Downward spiral	The progressive reduction in the standard of housing accommodation for international staff as a result of the use of net rents and housing cost comparisons in the post adjustment system. Under conditions of rising market rents, contstraints on post adjustment (freeze) make remuneration levels insensitive to housing cost changes and, consequently, a downward spiral becomes inevitable and self-reinforcing.
Housing costs	Rents a/ and other related costs paid by international civil servants. These include rent, apportioned costs, electricity, gas, water charges, heating, garbage collection, prorated cost of a cooking stove and refrigerator when not provided by landlord, mandatory taxes by tenants, repairs and repainting, improvements (when necessary to make the dwelling habitable (generally included in government provided housing)), security devices, less any reimbursement made by the agency, security guard, in places where necessary, according to codification of the United Nations security unit, domestic services, in developing countries when more than 70 per cent of eligible staff employ at least a full time maid.
Housing prices	Rents paid in the local market for housing meeting the standards defined in the present report and taking into account varying durations of occupancy.
Housing weights	Represents the proportion of the family income spent on rents, utilities and other housing related costs. In the context of the proposal for the treatment of housing under the current remuneration structure, housing weights can be defined as either: (a) the percentage of total expenditure spent on rent and other housing costs; or (b) the average housing costs reported by staff expressed as a percentage of net base salary plus post adjustment of a staff member at P-4/Step VI with dependants.
Income replacement ratios	This term is used in the context of pensionable remuneration and pension entitlements of the Professional and higher categories of staff. Income replacement ratio is defined as the gross pension received upon retirement expressed as a percentage of the net remuneration received while in service.

Indices

Fisher: The geometric average, or square root of the product, of the Laspeyres and Paasche indices.

Laspeyres: The Laspeyres index is comprised of the average of price ratios of a basket of goods and services, weighted by the consumption pattern of the base city (New York). The average is a weighted arithmetic mean.

Paasche: The Paasche index is comprised of the average of price ratios of a basket of goods and services, weighted by the consumption pattern of the target duty station. The average is a weighted harmonic mean.

Market prices: Rents paid in the local market for housing leased within the last six months' leases of for one year or more and meeting the standards defined in the present report. b/

Modified ECPA formula: Under the modified ECPA formula, respondents in a present and preceding survey are grouped into four categories:

(a) Those in the same dwelling with unchanged rent;
(b) Those in the same dwelling with changed rent;
(c) Those who moved to another dwelling;
(d) Newcomers.

For those in category (b), the rent index was calculated as a simple arithmetic average of individual rent ratios. For those in category (c), the rent index was calculated by comparing the new rents with averages for the same dwelling sizes in the previous year.

For newcomers, defined as current respondents who arrived at the duty station within the 12 months from the survey date and who were renters at that date, rent ratios were calculated by dwelling size. These ratios were based on a comparison of average rents between current newcomers, as defined above, and those who were considered newcomers at the time of the preceding survey. Rent ratios were then averaged by a weighted arithmetic average using the distribution of newcomers at the date of the preceding survey as weights. First-time reporters, defined as those who reported in the current survey for the first time and who were not newcomers, were treated in the same manner as newcomers.

Non-respondents were assumed to have unchanged rents. However, staff on official mission and on leave for an extended period were excluded from the calculation.

Home-owners were excluded from the comparison when they returned the required questionnaires duly completed. Otherwise, they fell into category (a) above, i.e., they were considered as renters with unchanged rent.

The final rent index was calculated as a weighted arithmetic average of rent indices for the categories mentioned above.

Modified Walsh index

The Walsh index is a multilateral index of a comparison of prices among several duty stations. One duty station is selected as a base. The original formula is a geometric average of price ratios between each duty station and the base, weighted by the average weights of all countries involved in the exercise. The modified Walsh index approved for calculation of new place-to-place cost-of-living indices uses, for purpose of weights calculation, only weights of headquarters duty stations and Washington.

Out-of-area price

The out-of-area index represents the dollar-based average index inflation in a certain number of countries and is used to measure the price movement of goods and services purchased outside the country of assignment by international staff. The out-of-area index used for calculating post adjustment indices in all duty stations until August 1987 and up to September 1989 in New York and Washington, was based on cost-of-living and exchange rate changes in about 50 countries with convertible and non-convertible currencies. Since September 1987 an out-of-area index based on 21 countries with convertible currencies has been used for calculating post adjustment indices.

Place-to-place comparisons

A place-to-place survey provides the benchmark information for the calculation of post adjustment indices in each duty station. All place-to-place comparisons provide a weighted average of relative levels of prices of selected items after taking into account the expenditure pattern of international staff.

Random sample

A random sample is one drawn so that the probability of selection of every element in the population is known a priori.

Remuneration

The scales of salaries and post adjustment amounts for the Professional and higher categories of staff in effect through 30 June 1990 were such that when the local currency at a duty station outside the United States appreciated vis à vis the United States dollar, losses in take-home pay in local currency terms were experienced by staff. When the local currencies depreciated vis à vis the United States dollar, gains in take-home pay in local currencies resulted. In order to minimize these losses and gains the Commission had approved a system of remuneration correction factors. The system applied until 30 June 1990 at duty stations in Canada, Japan, CFA franc countries and in European duty stations with hard currencies. The application of RCFs was discontinued from 1 July 1990 with the introduction of the revised salary scale.

Rent:

Gross	Actual rents paid by international civil servants without an adjustment for any rental subsidy received.
Net	Actual rents paid by international civil servants less any element of rental subsidy received.
Rental subsidy	Payment to a staff member of a portion of rent where rents are excessive according to established criteria. A portion of the difference between an established percentage of a staff member's take-home pay and a reasonable maximum rent for an apartment suitable to his family size is paid as a rental subsidy. At headquarters, the subsidy is currently limited to five years and the portion of the rent subsidized diminishes over time. There is no time limit in the field and the portion of rent subsidized does not decrease over time.
Sample design	A set of rules or specifications, determined before any data are collected, for obtaining a sample from a given population.
Sampling error	That part of the error of an estimator owing to the fact that the estimator is obtained from a sample rather than a 100 per cent enumeration using the same procedures. It is distinct from errors caused by imperfect selection, bias in response or estimation, errors of observation and recording, etc.
Sample size	The sample size is determined by applying the rules defined in the sample design to some known characteristics of the population in order to achieve a desired level of reliability with a specified degree of confidence. In the case of expenditure surveys, the known characteristic is the income of the staff member according to the Professional level, step and dependency status.
Seasonal variation	Relates to the effect on prices of seasonal factors operating from the demand as well as from the supply side, such as change in seasons, special holidays, school vacations, etc. It is an indication of any kind of variation of a periodic nature that occurs within a year.
Standard deviation	It is a measure of the spread in a set of observations. For example, if all the values in a population were identical, each deviation from the mean (average) would be zero and the standard deviation would thus be equal to zero, its minimum value. If on the other hand the items were dispersed more and more widely from the mean, the standard deviation would become larger and larger.
Threshold	The subsidy or supplement threshold is the average of gross rent to average income ratios at a duty station, increased by a margin.

Time-to-time comparisons	Surveys carried out only at places for which a suitable consumer price index is not available, or where high inflation or substantial devaluation of local currency has occurred. It consists of a comparison of prices in two different periods of time (in general, within a one year interval) in the same duty station. The results of time-to-time surveys are used to update post adjustment indices over time, in the same way consumer price indices are used, in countries for which they are available and considered appropriate to adjust salaries of international staff.

Notes

a/ The term "rents" includes imputed rents in the case of homeowners.

b/ Alternative formulated by FICSA: rents offered for housing in the market meeting the standards defined in the present report.

ANNEX II

Methodology used to establish the 1 April 1987 scale of pensionable remuneration

The methodology underlying the 1 April 1987 scale involved the use of the following procedure:

(a) The total net remuneration amounts (net base salary, plus post adjustment at the current level of multiplier 43 at the dependency rate) were calculated for the United Nations officials in grades P-1 to D-2 in New York;

(b) The rate of pension benefit accumulation for an official with 25 years of contributor service, i.e., 46.25 per cent, was applied to the total net remuneration amounts at all grades and steps (this accumulation rate corresponds to the rate in the comparator service);

(c) The resulting amounts in (b) above were grossed up by the reverse application of the scale of staff assessment applicable to staff members with dependants (these amounts represented the gross pension amounts to be earned after 25 years of contributory service);

(d) The pensionable remuneration amounts that would produce the gross pension determined in (c) above were calculated by dividing the gross pension amounts by 0.4625;

(e) The resulting scale was then adjusted to redress certain internal grade/step inconsistencies and to provide higher income replacement ratios for certain grades when the corresponding ratios for comparable grades in the comparator service were significantly higher, e.g., for the lower grades.

ANNEX III

Table 1. Proposed staff assessment rates for pensionable remuneration purposes for the Professional and higher categories

(Dependency rate)

Bracket ($US)	Rate (percentage)
First 15 000	4
15 001-25 000	20
25 001-35 000	25
35 001-55 000	29
55 001-75 000	32
75 001-95 000	35
95 001-125 000	37
Over 125 000	39

Table 2. Current scale of staff assessment

(Dependency rate)

Bracket ($US)	Rate (percentage)
First 15 000	10
15 001-20 000	25
20 001-25 000	28
25 001-30 000	30
30 001-35 000	32
35 001-45 000	34
45 001-55 000	36
55 001-65 000	38
65 001-80 000	40
80 001-100 000	42
100 000 and above	44

Annex IV

Procedure to be used for the calculation and reporting of the pensionable remuneration margin

(a) The average amounts of pensionable remuneration applicable in both services at comparable rates over each margin period (1 January-31 December of the margin year) would be used to calculate pensionable remuneration ratios at United Nations grades P-1 to D-2;

(b) An average, weighted by the number of common system staff members at each grade, similar to that for the net remuneration margin, would be calculated;

(c) The weighted average in B. above would be adjusted to account for the New York/Washington, D.C. cost-of-living differential, as is done in the net remuneration margin calculations;

(d) In reporting to the Assembly, as is now done for the net remuneration, both the unadjusted weighted average pensionable remuneration ratios, as well as the final margin figure after the adjustment for the cost-of-living differential, would be provided.

ANNEX V

Comparison of average pensionable remuneration of United Nations officials in grades P-1 to D-2 in New York and the comparator civil service in Washington, D.C.

Grade	United Nations (United States dollars)	United States (United States dollars)	United Nations/ United States ratio	Weights
D-2	110 213	86 854	126.9	2.8
D-1	97 794	76 745	127.4	7.9
P-5	85 375	66 637	128.1	21.8
P-4	72 956	56 528	129.1	28.0
P-3	60 538	46 420	130.4	23.3
P-2	48 119	36 311	132.5	13.2
P-1	35 700	26 203	136.2	3.0
Weighted average ratio: 129.7				
Adjusted for cost-of-living differential (11.3 per cent): 116.5				

ANNEX VI

Working group on remuneration structures: mandate and consideration of problems relating to housing in the present remuneration system

Part A. Mandate of the Working Group

The mandate of the Working Group was as follows:

(a) To elaborate further on the identification of all problems associated with the treatment of housing under the present remuneration system. Problems requiring further analysis included:

(i) Inequity of treatment among duty stations and among staff members at the same duty station, including the particular problems of newcomers;

(ii) Imprecision in the measurement of housing costs (including circularity problems) both over time and on an inter-city basis;

(iii) Operation of the existing rental subsidy schemes in the field and at headquarters;

(iv) Effects of rising housing costs under conditions of a post adjustment freeze;

(v) The particular problems of limited choice and non-availability of appropriate housing at certain duty stations;

(b) To consider the detailed operational procedures for margin control and the determination and adjustment of pensionable remuneration if housing were to be separated from the post adjustment system;

(c) To compare the relative advantages and disadvantages of structures 1 and 2 as well as those of a modified and improved post adjustment system. Under structures 2 and 3, special attention should be paid to:

(i) Determination of housing weights;

(ii) Construction of housing indices using external data as appropriate;

(iii) Any required modifications to the rental subsidy schemes based upon a detailed analysis of the operation of the current system;

(d) To develop proposals on transitional measures for all three structures;

(e) To provide an estimate of short- and long-term financial implications under different economic assumptions.

Part B. Summary of problems identified by the Working Group

1. The Working Group reported that inequity of treatment among duty stations resulted from the operation of the current post adjustment system, which, for housing comparisons, used actual average rental costs borne by staff members rather than market prices. In a number of duty stations, owing to the freeze in post adjustment and rapidly increasing rents, staff members could only afford housing in outlying areas or smaller, less desirable dwellings. The rent levels of those dwellings were, in turn, reflected in the post adjustment thus resulting in a downward spiral. It was noted that the average housing expenditure of staff members at the base of the system, New York, corresponded to a one-bedroom apartment, while in most other headquarters duty stations a staff member was able to acquire accommodation of two or three bedrooms for the corresponding amount. Other manifestations of inequity related to the quality and proximity of accommodation available to staff at different duty stations. In addition, the quality of housing available to staff at different duty stations, for example between Paris and Ouagadougou, was so dissimilar that it defied direct comparison.

2. Inequity of treatment of staff at the same duty station - in terms of the housing they were able to obtain - had become a more acute problem at some duty stations, than at others. A breakdown of rents paid by staff members by size of accommodation and length of service indicated that for the same size accommodation the rents paid by newcomers in many headquarters duty stations were substantially higher than those paid by their colleagues who had been at the duty station for more than 5 or 10 years. The rental subsidy scheme had been extended to headquarters duty stations in recognition of that phenomenon. However, after more than five years of its operation, it appeared that due to the restrictive eligibility criteria and the regressive reimbursement formula there still existed considerable housing difficulties. In view of this, many staff members acquired accommodations smaller than their needs, or in outlying suburban areas distant from their headquarters. Newcomers, even after the amount of the rental subsidy they received was taken into account, incurred substantially higher housing costs than colleagues who were at the duty station for a longer period of time.

3. As regards the problems of comparing housing costs among duty stations the Working Group reported that this was not a new problem and that while there was no dispute regarding the existence of this problem, there were differing views as to the degree of difficulty of making comparisons among duty stations. There were some who believed that the difficulties surrounding the comparisons of housing costs between New York and all other duty stations were insurmountable and, therefore, all such comparisons in future should be discontinued. On the other hand, there were those who believed that the difficulties, while serious, could be dealt with when it came to comparisons between New York and other headquarters, European and North American duty stations. The Working Group also reported that comparisons between headquarters and field duty stations were complicated by problems of non-availability and varying quality. In a number of field duty stations apartments were frequently not available and even single staff were forced to rent a minimum of two- or three-bedroom houses. In those cases if the rent of that two- or three-bedroom house was compared with the rent of a two- or three-bedroom house in New York, distortions resulted. As regards housing quality in the field, the hardship and mobility scheme took some account of those situations but it remained to be seen whether the scheme would give adequate recognition to these problems.

4. Imprecision in the measurement of housing costs also resulted from past use of the modified formula of the Expert Committee on Post Adjustment Questions (ECPA), combined with a survey methodology that used only actual housing costs of staff members who responded to survey questionnaires at each individual duty station. The problem was compounded by the fact that the quality or location of housing being measured varied between duty stations. The Commission had already decided in 1989 to replace the modified-ECPA formula by an alternative recommended by ACPAQ. Imprecision in the measurement of housing costs was also compounded by the use of net rents in calculation of the post adjustment index (PAI).

5. The Working Group also reported on the problems associated with the operation of the existing rental subsidy schemes in the field and at headquarters. It was noted that while the headquarters scheme included a time limitation and a regressive reduction in subsidy amounts over a five-year period, the field scheme had neither. The Working Group reported that, while the purpose of the scheme was to provide relief for staff facing rent-to-income ratios higher than the average, the scheme at headquarters systematically undercut its own purpose owing to the automatic operation of the regressive formula and the time-limits. Consequently, the withdrawal of rental subsidy support from staff who still faced rent-to-income ratios above the average meant that the basic tenet of equity was not well served. The arrangement led to actual hardship in some cases, with staff being forced to move from their accommodation as rental subsidy provisions either expired or diminished.

6. The Working Group also reported certain additional difficulties had been experienced at headquarter duty stations when staff members needed to move from one dwelling to another owing to a change in family circumstances or in the nature of the accommodation that they occupied. Although there were force majeure provisions, they were too restrictive. Currently, the way the scheme operated at Headquarters meant that, for reasons beyond their control, a number of staff with several years of service were forced onto the same rental market as newcomers. They were, however, ineligible for the benefits arising from the rental subsidy scheme, but nevertheless suffered the inequity resulting from having to face a much higher housing cost than was provided for in the post adjustment.

7. The Working Group reported that the present rental subsidy schemes had not adequately fulfilled their intended purpose. Indeed, the headquarters scheme had been based on a number of assumptions that had later proved unfounded and the net result of the scheme might actually have been negative. Under the current rental subsidy schemes, gross rents paid by staff members were taken into account for the calculation of rent-to-income ratios and subsequently the rental subsidy thresholds. On the other hand, comparisons of housing costs for post adjustment index purposes were made on the basis of net rents, i.e, gross rents less any rental subsidies paid to staff at the duty station. The original proponents of the headquarters scheme had believed that in the long run as newly arriving staff members remained at the duty station beyond the five-year cut-off period, and ceased to benefit from the rental subsidy scheme because of the time limitations and the regressive formula, their higher than average rents would eventually lift the PAI. However, as the introduction of the headquarters scheme was soon followed by a freeze, incomes did not rise sufficiently vis-à-vis housing costs with the result that the newcomers' rent-to-income ratios did not fall over time as had been assumed. As a result of the freeze the rental subsidy scheme had to be modified to extend the time limitations on benefits. Nevertheless, the rent-to-income ratios of newcomers remained uncomfortably high even as they remained at the same duty

station beyond the five-year cut-off period, with the result that some had to move to cheaper accommodations at the end of their eligibility period. Further, the fact that gross and net rents had diverged rather than converged over time meant that place-to-place housing cost relativities were distorted by the use of net as opposed to gross rents in the PAI. In effect the headquarters rental subsidy scheme by virtue of its design had reinforced the downward spiral.

8. In summary, the Working Group had indicated that some of the major unresolved problems in respect of the rental subsidy schemes were as follows:

(a) Different treatment of headquarters and field staff;

(b) Eligibility conditions;

(c) Time-limits on the subsidies payable at headquarters;

(d) The regressive formula for subsidies at headquarters;

(e) Restrictive nature of the force majeure provisions;

(f) Inconsistency between the threshold and the post adjustment calculation procedures;

(g) Unduly cumbersome procedure used for calculating thresholds.

ANNEX VII

Overview of allowances for the Professional and higher categories of staff in the United Nations system and the comparator civil service

COMMON SYSTEM ALLOWANCES AND OTHER CONDITIONS OF SERVICE

1. EDUCATION GRANT

   1.1 Education grant (regular)

   1.2 Education grant (special/disabled)

2. DEPENDENCY ALLOWANCES

   2.1 Children's allowance

   2.2 Spouse allowance

   2.3 Secondary dependant's allowance

   2.4 Treatment of dependency in other allowances

3. ALLOWANCES RELATING TO MOBILITY AND HARDSHIP

   3.1 Mobility and hardship allowance

   3.2 Assignment grant

4. SHIPMENT AND BAGGAGE ENTITLEMENTS

   4.1 Removal of household goods

   4.2 Shipment of personal effects

   4.3 Storage provisions

5. TRAVEL

   5.1 Home leave travel

   5.2 Education grant travel

   5.3 Family visit travel

6. SEPARATION PAYMENTS

6.1 Commutation of unused annual leave

6.2 Termination indemnity

6.3 Repatriation grant

6.4 Death grant

7. LEAVE

7.1 Annual leave (includes home leave)

7.2 Sick leave

7.3 Maternity leave

7.4 Special leave (with and without pay)

7.5 Official holidays

8. MEDICAL INSURANCE

1. EDUCATION GRANT

1.1 Education grant (regular)

Rationale/purpose: The education grant is designed to cover part of the additional cost arising from the fact of a staff member's expatriation, of educating his/her children.

Date first established: 1946.

Eligibility criteria: Internationally-recruited staff members with appointment of one year or more serving outside their home country.

Basis/formula: Payable in respect of children in full-time attendance at an educational institution from the primary school level up to the end of the fourth year of post-secondary studies or the award of the first recognized degree, whichever is earlier, subject to a maximum age limit of 25.

Current amount: In the case of an educational institution at the duty station, the annual amount of the grant per child is 75 per cent of the first $9,000 of allowable expenditure, with a maximum grant of $6,750 per year. Where an institution outside the duty station provides board the annual amount is 75 per cent of the cost of attendance and boarding up to $9,000 with a maximum grant of $6,750 per year. Where boarding is not provided by the educational institution, a flat allowance of $2,000 is paid towards the cost of food and lodging plus 75 per cent of the cost of attendance, subject to the same total maximum reimbursement of $6,750. At duty stations where educational facilities are unavailable or deemed to be inadequate, 100 per cent of boarding costs at the primary and secondary level may be reimbursed up to $3,000 per year as an amount additional to the maximum grant of $6,750 per year. At designated hard-currency duty stations, the grant is expressed in local currency.

Effective date: School year in progress on 1 January 1989.

Limitations on payment: Does not apply to staff members serving in their home country. However, a staff member reassigned to the home country following service elsewhere may continue to receive the education grant for the balance of the school year not exceeding one full school year after return from expatriate service.

Review/updating procedure:

Basis/formula:	Data concerning the level of expenditure incurred by the staff member, and on school fees.
Frequency:	Review every two years.

COMPARATOR

United States nationals employed in foreign areas are provided with an education allowance (or cost-free education in the case of locations where United States schools and instructors are maintained) from kindergarten through secondary school level. In those areas where adequate schools are not available, room and board and periodic transportation are provided between that duty station and the nearest locality where adequate schools are available. Within certain maximum amounts, costs are reimbursed 100 per cent. Maximum amounts for schools not at the duty station are based on an annual survey of approximately 20 schools. For the 1989/1990 school year the maximum amount was $15,133 for tuition, room and board with transportation amounts permitting up to three round trips in one year in addition to the $15,133. The highest maximum amount as at 1 May 1990 was $25,000 for secondary education in Madagascar. This maximum consisted of the $15,133 for tuition, room and board and $9,867 for transportation costs for the year. Parents are allowed to send their child to a school of their choice in the United States or abroad, including non-United States curriculum schools and receive the education allowance provided up to the established maximum for the duty station. The grant is reviewed as necessary, and at least once a year. An additional amount of $1,500 per school year is granted in those cases where supplemental instruction is required because the school at the duty station is deficient, e.g., certain subjects are not covered or instruction is in a language other than English.

1.2 Education grant - special/disabled

Rationale/purpose:	To provide assistance for disabled children within the scope of the education grant.
Date first established:	1 January 1979.
Eligibility criteria:	Expatriate and non-expatriate staff members with a disabled child under the age of 25 (age limit may be extended to 28).
Basis/formula:	Medical evidence that the child is unable by reason of physical or mental disability to attend a normal educational institution.
Current amount:	Reimbursement of 100 per cent of allowable costs up to a maximum of $9,000 per year. At designated hard-currency duty stations, the grant is expressed in local currency.
Limitations on payment:	The staff member is required to produce evidence that all other sources of benefits that may be available have been exhausted.

Review/updating procedure:

Basis/formula: Statistics on the levels of expenditure.

Frequency: Review every two years.

COMPARATOR

For education of a handicapped child between the ages of 3 and 21, a separate allowance rate is granted each school year up to $16,850 in lieu of the school at duty station rate, or up to $37,000 for schools away from the duty station.

2. DEPENDENCY ALLOWANCES

2.1 Children's allowance

Rationale/purpose: A social benefit to take account of expenses varying with the number of dependants and to provide an income equalization factor for staff with dependent children.

Date first established: 1946.

Eligibility criteria: The child must be a recognized dependant under the age of 18 or, if in full-time attendance at a school or university, under the age of 21.

Basis/formula: Based on the weighted average of the relevant tax abatements and social security benefits in the seven headquarters duty stations for a salary equivalent to the P-4 step VI level.

Current amount: The current allowance is $1,050 per year. At designated hard-currency duty stations the amount is expressed in local currency. For a disabled child the amount of the children's allowance is doubled.

Effective date: 1 January 1989.

Limitations on payment: If payments are received under national social security systems, the amount of the allowance is reduced accordingly.

Review/updating procedure:

Basis/formula: On the basis of the tax abatement and payments under social legislation for children as a percentage of P-4 step VI net salary.

Frequency: Every three years upon review by ICSC.

COMPARATOR

Recognition of costs of rearing children is through the comparator's tax system both in terms of a deductible amount (exemption) for each child and deductible allowable expenses which reduce the overall tax burden.

2.2 Spouse allowance

Rationale/purpose:	A social benefit to take account of expenses and to provide an income equalization factor for staff with a dependent spouse.
Date first established:	1949.
Eligibility criteria:	See purpose. Where there is no dependent spouse, the first dependent child entitles the staff member to dependent rates of salary and post adjustment.
Current amount:	There is no spouse allowance as such but differentiated rates of staff assessment and post adjustment produce lower net remuneration for staff without a dependent spouse.
Effective date:	1 January 1977.
Limitations on payment:	Spouse income threshold for eligibility.
Review updating procedure:	
Frequency:	Upon review of the methodology by ICSC.

COMPARATOR

Recognition of a spouse is through the comparator's tax system both in terms of a deductible amount (exemption) and deductible allowable expenses which reduce the overall tax burden.

2.3 Secondary dependant's allowance

Rationale/purpose:	Recognition of the responsibility of contributing to the upkeep of a secondary dependant.
Date first established:	1946.
Eligibility criteria:	Where there is no primary dependant, a dependent parent, brother or sister may qualify for this allowance subject to well-defined criteria concerning proof of support.

Basis/formula: The tax abatement applicable in the country of the comparator civil service.

Current amount: $300. In designated hard-currency duty stations, the amount is expressed in local currency.

Effective date: 1 January 1977.

Limitations on payment: Allowance may be claimed in respect of only one secondary dependant.

Review/updating procedure:

Basis/formula: Tax abatement applicable in the comparator country.

Frequency: Upon review of the methodology by ICSC.

COMPARATOR

Comparator's tax system recognizes one or more secondary dependants through deductible amount (exemption) and other deductible allowable expenses which reduce the tax burden.

2.4 Treatment of dependency in other allowances

Differentiations for staff with and without dependants which exist in other benefits are mentioned under the relevant sections.

3. ALLOWANCES RELATING TO MOBILITY AND HARDSHIP

3.1 Mobility and hardship allowance

Rationale/purpose: The mobility and hardship allowance combines an amount which reflects the varying degrees of hardship at different duty stations, and an amount which varies according to assignment number and thus takes into account and provides incentives for, mobility.

Date first established: 1 July 1990.

Eligibility criteria: Mobility: For duty stations in categories A-E, payable from second assignment, only after five or more consecutive years of service in the United Nations system. For duty stations in H category payable only from the fourth assignment and provided that at least two assignments were at A-E duty stations.

Hardship: assignment of one year or more at designated duty stations in categories B-E.

Basis/formula: Depending on designation of duty station (H and A to E).

For P-4 and P-5: percentage of base/floor salary of P-4, step VI.

For P-1 to P-3: same formula, minus 13 per cent.

For D-1 and above: same formula, plus 13 per cent.

Current amount: See matrix below for applicable percentages.

	Assignment number				
Location	1	2	3	4	5 or more
H a/	0 b/	0 b/	0 b/	4 b/	6 b/
A	5)	15)	17)	19)	21)
B	13)	23)	25)	27)	29)
C	20) c/	30) c/	32) c/	34) c/	36) c/
D	25)	35)	37)	39)	41)
E	30)	40)	42)	44)	46)

a/ Headquarters: North American and European duty stations and similar designated locations.

b/ Plus 3 per cent at headquarters duty stations for non-removal cases.

c/ Minus 5 per cent for cases of full household removal.

Effective date: 1 July 1990.

Limitations on payment: See eligibility criteria.

Review/updating procedure:

Basis/formula: The hardship classification of duty stations is reviewed in accordance with established criteria (health, security, climate, etc.).

Frequency: At least once every three years, the base/floor salary scale used in conjunction with the matrix would be reviewed in the light of the changes in the United States federal civil service salaries and the relevant rates of taxation.

3.2 Assignment grant

Rationale/purpose:	The assignment grant is intended to provide staff members with a reasonable cash amount at the beginning of an assignment, for costs incurred as a result of appointment or reassignment.
Eligibility criteria:	Payable to staff members who travel, upon appointment or reassignment, to a duty station for a period of service expected to be of at least one year's duration.
Current amount:	The grant consists of a daily subsistence allowance (DSA) portion and a lump-sum portion. The DSA portion equals 30 days DSA for staff members and 15 days DSA for eligible family members. The lump-sum portion consists of one or two months' net salary of the duty station of assignment, applicable to the staff member's grade, step and dependency status. The actual amount paid depends on the duration of the staff member's assignment, or whether the staff member is entitled to removal of his/her personal effects, and on whether the staff member is assigned to a field (A-E) or headquarters (H) duty station.
Limitations on payment:	According to the above formula, no lump sum is payable for an assignment of less than two years at H duty stations for staff with full household removal. There are other limitations for H duty stations.

COMPARATOR

The comparator provides a number of allowances and benefits which are intended to encourage staff to serve outside the United States and to account for conditions which are unlike those found in the United States. Accordingly, it is difficult to establish an equivalency with relevant entitlements of the United Nations common system. The following comparator allowances and benefits may be said to broadly reflect mobility and hardship considerations.

Post differential

The provisions for United States government civilian employees overseas include a taxable post differential of up to 25 per cent of basic pay to posts at duty stations where extraordinarily difficult or notably unhealthful conditions or excessive physical hardship exist. There are five levels for classifying duty stations in hardship terms which are expressed as a percentage of gross salary at the base of the system (Washington), as follows:

Category	Financial incentive
0	Not payable
1	10 per cent
2	15 per cent
3	30 per cent
4	25 per cent

Danger pay a/

Danger pay is also granted at duty stations where a threat of physical harm exists or there is a danger to the health or well-being of the staff member. The amount of danger pay is 15, 20 or 25 per cent of base salary and it is in lieu of that part of the post differential which is attributable to political violence. Danger pay is not intended to cover acts characterized chiefly as economic crime.

Pre-departure

The pre-departure expense allowance is designed to cover lodging, meals and laundry for up to 10 days after moving out of residence before departure (refer also to (c) under Foreign transfer allowance below).

Living quarters allowance

This allowance is intended to reimburse an employee for costs for a temporary residence or housing whenever government-owned or rented housing is not provided. Costs include rent, plus any costs not included therein for heat, light, fuel, gas, electricity, water and taxes, insurance and agent's fees required by law or custom to be paid by the lessee. A temporary lodging allowance is a component of the living quarters allowance and is intended to cover the reasonable cost of temporary housing for a period not to exceed three months after first arrival at a new post in a foreign area or a period ending with occupation of residence (permanent) housing, if earlier. It is also granted one month immediately preceding final departure from the post subsequent to the necessary vacating of residence housing.

When housing is owned by the staff member, spouse or both, an amount up to 10 per cent of the original purchase price of the housing is considered the annual rate of estimated expenses for rent. The expenses for heat, light, fuel (including gas and electricity), water and in rare cases, land rent, may be added to the 10 per cent amount to determine the housing allowance for staff members with personally owned housing.

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a/ In very exceptional circumstances, United Nations common system staff members assigned to duty stations where extremely hazardous conditions, such as war or active hostilities prevailed and where the evacuation of families is decided upon, are paid hazard pay. The amounts of such pay vary depending on the conditions.

Supplementary post allowance

The supplementary post allowance is intended only for those employees who are faced with heavy expenses relating to hotel or restaurant meals. These employees may be compelled to incur these additional expenses because of the unavailability of suitable temporary housing having kitchen facilities. The allowance is paid for up to the first three months after first arrival at a new duty station and up to one month preceding final departure from the duty station. The supplementary post allowance is a fixed daily rate that may be paid in addition to any other post allowance for which the duty station may be classified and for which the employee may be eligible. It varies by size of family and is granted on behalf of the employee and each family member. As a portion of the regular post allowance is available for food costs, the rate of the supplementary post allowance is inversely proportional to the regular post allowance but directly proportional to travel per diem rates which, although not payable after arrival at the post, reflect restaurant meal costs. The supplementary post allowance is not available to those employees occupying permanent housing at the duty station.

Foreign transfer allowance

The foreign transfer allowance is composed of three elements:

(a) A lump sum miscellaneous expense portion to assist with certain extraordinary costs. The following and similar types of extraordinary costs are intended to be reimbursed with this allowance provided they are deemed to be reasonable and necessary in the individual case:

(i) Disconnecting and connecting appliances, equipment and utilities;

(ii) Converting household equipment and appliances for operation on available utilities (including necessary power transformers);

(iii) Cutting and fitting rugs, draperies and curtains moved from one residence to another - not cost of new rugs, etc.;

(iv) Utility fees or contract deposits that are not offset by eventual refunds;

(v) Automobile registration, driver's license and similar fees;

(vi) Personal cable and telephone costs attributable to the relocation of the employee and his/her family exclusive of such costs relating to travel and hotel arrangements intended to be reimbursed by per diem to which the employee is entitled;

(b) A lump sum wardrobe expense portion. For this portion, duty stations are grouped into three zones according to climate and employees into three family sizes;

(c) A pre-departure subsistence expense portion applicable to lodging, meals (including tips), laundry, cleaning and pressing expenses in temporary housing for employee and each member of family for up to 10 days before final departure from a post in the United States to a post in a foreign area, beginning not more than

30 days after vacating residence housing. Expense of local transportation is not allowable.

(Note: A home service transfer allowance for duty stations in the United States is also granted. It is composed of the same three elements as the foreign transfer allowance.)

Separate maintenance allowance

A separate maintenance allowance is intended to assist an employee who is compelled by reason of dangerous, notably unhealthful, or excessively adverse living conditions at the post of assignment in a foreign area, or for the convenience of the Government, to meet the additional expense of maintaining family members elsewhere than at such post. This allowance may also be authorized to an employee who personally requests such an allowance, based on special needs or hardship involving the employee or family member.

4. SHIPMENT AND BAGGAGE ENTITLEMENTS

There are two possibilities:

Full removal of household goods.

More limited shipment of personal effects.

The organizations decide on the basis of their operational requirements (including expected length of assignment) whether the one or the other arrangement should pertain in a particular situation. If full household removal is given, 5 per cent is deducted from the values on the mobility and hardship matrix (see 3.1) at duty stations in categories A-E; if shipment of personal effects is granted a factor of 3 per cent is added at H locations.

At designated duty stations, the organization may reimburse 75 per cent of the cost of transportation of a privately-owned vehicle, with a maximum reimbursement of $1,200.

4.1 Removal of household goods

Rationale/purpose:	To cover expenses incurred by the staff member for the removal of houshold goods on appointment, reassignment or separation from service.
Eligibility/criteria:	Subject to certain conditions (normally including at least two years of service at the duty station), the organization pays the costs of moving the staff member's household effects to or from the duty station of assignment.
Basis/formula:	Allowable maximum weight or volume.
Current amount:	Staff member without dependants - 4,890 kg.
	Staff member with dependants - 8,150 kg.
Limitations on payment:	Normally at least two years' service at the duty station.

COMPARATOR

All employees are entitled to removal or storage of household goods to or from any duty station to which assigned. If the employee is transferred to a duty station where the accommodation is unfurnished the maximum allowable removal or storage amount is 18,000 lbs; if the accommodation is furnished the allowable amount is 7,200 lbs. In addition to household goods, the cost of transporting a motor vehicle is allowable when owned by the employee or a member of the employee's family authorized to travel. Periodic replacement of the motor vehicle (generally four years) or emergency replacement (because of loss or destruction through fire, theft, accident, rapid deterioration due to severe climatic or driving conditions, civil disturbance, military actions, riot or similar causes) is also authorized.

4.2 Shipment of personal effects

Rationale/purpose:	See note above; where full removal of household effects is not applicable.
Eligibility/criteria:	See note above.
Limitations on payment:	See eligibility/criteria.
Current amount:	Personal effects: Staff member - 1,000 kg. First family member - 500 kg. Each additional family member - 300 kg.

COMPARATOR

On transfer to a new post, the employee is entitled to the shipment of baggage, in addition to household goods as follows:

Excess personal baggage

The amount of accompanied baggage carried without charge by transportation companies varies according to mode and class of transportation. When less than first class air accommodations are used for international travel, excess baggage in an amount necessary to make the total amount of baggage carried equal to that carried free on first class is authorized. Normally this amounts to 22 pounds (10 kilograms) excess baggage per traveller, bringing the total amount of baggage carried to 66 pounds (30 kilograms) each. Over and above this 66 pounds (30 kilograms), air travellers on home leave round trip orders may elect to ship an additional 22 pounds (10 kilograms) each of excess baggage in lieu of using the unaccompanied baggage allowance on the inbound or outbound portion of the travel or both.

Unaccompanied baggage

An unaccompanied baggage allowance for employees and their dependants is granted according to the following schedule:

Gross weight	Pounds	Kilograms
First person travelling	250	113.4
Second person travelling	200	90.72
Third person travelling	150	68.04
Fourth or more persons travelling (each)	100	45.36

The unaccompanied baggage allowance is in addition to the household goods allowance. Unaccompanied baggage may be shipped as air freight by the most direct route between authorized points of origin and destination, regardless of the modes of travel used.

Unaccompanied baggage is considered to be those personal belongings needed by the traveller while en route or immediately upon arrival at the destination.

4.3 Storage provisions

Rationale/purpose: If a staff member who has an entitlement to full removal of household goods is reassigned with a shipment of personal effects and is expected to return to the previous duty station the cost of storage of household goods may be paid for a period of time.

Eligibility/criteria: Internationally recruited staff members on reassignment.

Basis/formula: See rationale/purpose.

Limitations on payment: The quantity of personal effects and household goods stored not to exceed the limits established under removal costs.

COMPARATOR

For storage amounts see section 4.1 above.

Continuous storage

Continuous storage of household effects is authorized when an employee is assigned to or transferred to a duty station abroad or in the United States other than Washington, D.C. Continuous storage for employees assigned to Washington, D.C. must be specifically authorized.

Temporary storage

A travel authorization constitutes automatic authority for the payment of charges for storage of an employee's effects at the place where the effects are located.

Effects may be stored for temporary periods as follows:

(a) Storage of effects held pending shipment is allowable from the date of the departure of the employee from employee's old post to new post or, in the case of a new employee, from the day of departure from new employee's place of residence until shipment is made. An additional period of temporary storage is authorized for a period of three months after the date of arrival of the employee at new post or the establishment of residence housing, whichever is shorter; or

(b) During any period when the employee is absent from the duty station under orders and residence housing at employee's duty station are not maintained; or

(c) In connection with the separation of an employee from Service, temporary storage is authorized for an aggregate period of three months.

When government-furnished housing is available

When suitable government-furnished housing is available for the employee, a limited shipment of effects is authorized. If the employee elects to ship all or a portion of the authorized limited shipment allowance, the balance of the applicable combined shipment and storage allowance will be available for continuous storage. However, if the employee ships more effects to the duty station than may be accommodated in the housing provided, these effects may not be placed in continuous storage at govenment expense at the post.

When government-furnished housing is not available

When government-furnished housing is not available and the employee has been granted a full shipment of effects, the employee may decide what proportion of effects within the combined shipment and storage allowance to ship or store.

Emergency storage

When specifically authorized, an employee may store furniture, household and personal effects, and a privately-owned motor vehicle for the duration of the emergency and for an additional period not to exceed three months.

Emergency conditions warranting authorization of storage include but are not limited to the following:

(a) Non-availability of usual transportation facilities;

(b) General civil disturbance or imminent threat thereof, including but not restricted to war, civil war, uprisings, riots, strikes, blockades, or martial law;

(c) Acts of nature, including but not restricted to earthquakes, tidal waves, flood, fire, or storm, or disease or pestilence resulting in quarantine or refusal of transportation or entry or exit of effects; and

(d) Unusual import or export restrictions or obstructions, or other conditions recognized as emergencies.

5. TRAVEL

The organization normally pays, subject to certain conditions, the travel expenses of a staff member on initial appointment, on change of duty station, on separation from service, when required to travel on official business, or home leave and on travel to visit family members. The travel expenses of a staff member's spouse and dependent children are also payable in the above-mentioned cases (except travel on official business), subject to certain additional conditions. Home leave travel, education grant travel and family visit travel are described briefly below:

5.1 Home leave travel

Rationale/purpose:	Home leave is intended to enable internationally recruited staff members to renew periodically their ties with their home countries.
Date first established:	1949.
Eligibility criteria:	Internationally recruited staff members serving at duty stations outside their home country, as well as spouse and dependent children.
Basis/formula:	The staff member is entitled every two years to paid travel between the duty station and the place of home leave and some baggage allowance. In hardship duty stations (C-E) home leave can be taken every 12 months.
Current amount:	Payment of travel costs and some baggage allowance.
Limitations on payment:	A set minimum period of time (normally two weeks) must be spent in the home country. There is no additional leave entitlement but travel time is granted.

COMPARATOR

If certain conditions are met non-foreign service employees and foreign service staff may accrue home leave on the basis of 15 days of home leave after 12 months of service abroad; otherwise they accrue home leave as follows (in addition to annual leave). Employees have the choice to travel to a "rest and recupertion centre" or to the nearest port of entry in the United States.

Duty station with post differential (%)	Accrual rate (days per annum)
25	15
20	15
15	10
10	10
0	5

Non-foreign service expatriate employees are generally entitled to paid home leave travel after two years at the duty station or at the end of their assignment.

5.2 Education grant travel

Rationale/purpose: To enable a child educated outside the duty station to rejoin his/her family periodically.

Date first established: 1946.

Eligibility criteria: Staff member with a child attending an educational institution outside the country of the duty station.

Current amount: The cost of one round-trip travel per year between the educational institution and the duty station. At designated duty stations where educational facilities are not available, an additional round-trip travel is provided in the year in which home leave is not due.

Limitations on payment: Not to exceed the cost of round-trip travel between the duty station and the home country.

COMPARATOR

Employees' dependants are paid travel expenses once a year to and from a school in the United States to enable children of eligible staff to obtain secondary or undergraduate college education. Educational travel at the undergraduate college level is paid to cover the cost of one round trip per annum between the duty station and the college or university in the United States up to the twenty-third birthday. For high school children (grades 9-12) a similar trip is provided in lieu of an education allowance. If the parents have chosen lower cost education in a third country (not restricted to a United States curriculum) more trips per annum for each official school vacation (i.e., four) are allowed within the maximum.

5.3 Family visit travel

Rationale/purpose:	Where none of the staff member's eligible family members has travelled to the duty station at the organization's expense during the preceding 12 months, an organization pays for the travel of a staff member to visit his/her family.
Date first established:	1956.
Eligibility criteria:	Internationally recruited staff members serving outside their home country.
Basis/formula:	Travel paid to the place of home leave, the place of recruitment or the previous duty station.
Current amount:	Payment of travel costs for one return trip.
Limitations on payment:	Normally granted during the year in which the staff member is not entitled to home leave. Travel costs not to exceed those between the duty station and the recognized place of residence in the home country.

COMPARATOR

No equivalent entitlement exists. However, provision is made for those falling under the foreign service act for travel of children of separated parents.

6. SEPARATION PAYMENTS

The following payments may be made on separation from service: commutation of unused annual leave, repatriation grant, death grant and termination indemnities. The latter three payments are calculated according to specific schedules, the reference point being the base/floor salary scale.

6.1 Commutation of unused annual leave

Rationale/purpose:	To enable staff, who for reasons of service, have been unable to use up their annual leave, to convert this unused leave into a cash amount upon separation from service.
Date first established:	1946.
Eligibility/criteria:	See rationale.
Basis/formula:	Based on the net salary of the staff member at the duty station where he/she was serving at the time of separation.
Limitations on payment:	A maximum of 60 days of leave may be commuted.

COMPARATOR

Maximum of 240 hours accrued annual leave may be converted into cash at separation. Maximum for staff overseas is 360. For Senior Executive Service staff only, no maximum accrued amount is specified.

6.2 Termination indemnity

Rationale/purpose: To compensate terminated staff for loss of expectation of employment and provide them with some income in the transitional period following separation.

Date first established: 1946.

Eligibility criteria: Payable when an appointment is terminated prematurely at the initiative of the organization.

Basis/formula: The rate of termination indemnity depends on the type of contract and the length of service of the staff member. For staff members with career appointments between 3 and 12 months base salary (less staff assessment) is paid depending on the length of service. For fixed-term appointments exceeding six months one week's salary for each month of uncompleted service subject to a minimum of six weeks and a maximum of three months' salary is paid for those with up to five years of service. For those with six or more years of completed service between 3 and 12 months of salary is paid depending on the length of service.

Current amount: Based on schedule of separation payments applied against the base/floor salary scale.

Limitation on payment: No indemnity is payable in the following circumstances:

(a) Staff member resigns, except where termination notice has been given and a termination date agreed upon;

(b) Completion of a fixed-term appointment;

(c) Summary dismissal;

(d) Abandonment of post;

(e) Retirement.

In case of termination for health reasons any disability benefit is deducted from the amount of the termination indemnity.

COMPARATOR

A separation payment is made when an employee is involuntarily separated because of a reduction in force. The payment is based on length of service, generally one week's salary for each year of service up to 10 years and two weeks' salary thereafter to a maximum of one year's base salary.

6.3 Repatriation grant

Purpose/rationale: To compensate for expenses incurred as a result of:

- loss, during service, of professional and business contacts with the home country;
- need to give up residence and liquidate obligations in a foreign country;
- re-establishment on return from service outside the home country.

Date first established: 1950.

Eligibility criteria: Continuous service away from the home country.

Basis/formula: The amount of the grant varies according to the length of service and dependency status.

Current amount: The amount is as follows:

Staff with spouse or dependent child	Weeks of net/base salary
Minimum 1 year of service	4
Maximum 12 years of service	28
Staff with neither a spouse nor a dependent child	
Minimum 1 year of service	3
Maximum 12 years of service	16

Limitations on payment: Proof of relocation away from the country of the last duty station.

COMPARATOR

No equivalent benefit.

6.4 Death grant

Rationale/purpose:	To help the survivors of a staff member who died in service over the period of transition which often entails relocation from the duty station.
Eligibility/criteria:	The death grant is paid to the surviving spouse and/or dependent children of a staff member who dies in service when he/she held an appointment for one year or more or had completed one year of service.
Date first established:	Introduced in 1956 by the United Nations. CCAQ agreed in 1958 that it should apply throughout the common system.
Basis/formula:	Varies according to staff member's length of service from three months of base/floor salary for three years of completed service or less to a maximum of nine months of salary for nine completed years of service or more.

COMPARATOR

Federal civil service employees are eligible to participate in a government-wide life insurance plan. The plan consists of a basic insurance amount which is equal to the greater of the staff member's actual annual salary (rounded to the next $1,000 plus $2,000) or $10,000, whichever is greater. For staff members less than 36 years of age the coverage is doubled, decreasing at age 36 by 10 per cent per year until age 45 when this coverage ceases. The basic scheme also covers accidental death and dismemberment benefits and the cost is shared two thirds/one third by the employee and the United States government respectively. If an employee chooses to participate in the basic scheme three further optional coverages are available as follows (all at the employee's expense):

(a) An additional $10,000 life insurance and an additional $10,000 accidental death and dismemberment coverage;

(b) An additional life insurance coverage equal to one, two, three, four or five times annual salary;

(c) Life insurance coverage for spouse of $5,000 and each dependent child of $2,500.

7. LEAVE

7.1 Annual leave (includes home leave)

Rationale/purpose:	To provide a period of rest each year.
Date first established:	1946.
Eligibility/criteria:	Staff members in full pay status.
Basis formula:	Two and a half working days per month.
Current amount:	30 working days per annum. A maximum of 60 days can be accumulated.
Effective date:	1946.
Limitations on payment:	See eligibility/criteria.

COMPARATOR

Annual leave is earned on the basis of years' federal service - full-time employees with 15 years or more earn 26 days annual leave per year. Those with 3 years but less than 15 years earn 20 days; those with less than 3 years earn 13 days. Employees can accumulate up to 30 days of annual leave while overseas employees can accumulate 45 days. The maximum accumulation level does not apply to leave accumulated by employees while appointed to the Senior Executive Service.

For additional leave entitlement for home leave, see page 115.

At certain designated posts and at isolated posts, special compensatory time-off may be accumulated.

7.2 Sick leave

Rationale/purpose:	To grant time-off to staff members who are unable to perform their duties due to illness or injury.
Basis formula:	Subject to appropriate medical certification, staff are granted sick leave under the following conditions:

Fixed term:

Less than one year - two days per month of contractual service.

Probationary/fixed term:

More than one year, less than five years: three months' full pay. Three months' half-pay in any consecutive 12-month period.

Appointments without time-limit or service time totalling five years or more

Up to nine months on full pay and nine months on half pay in any four-year period.

Effective date: 1951.

Limitations on payment: From the third day medical certification is required. No accumulation of unused sick leave entitlement.

COMPARATOR

Full-time employees earn 13 days of sick leave per year. There is no limit on the amount of unused sick leave entitlement that can be accumulated. Unused sick leave at retirement is credited to length of service for calculation of retirement benefits.

7.3 Maternity leave

Rationale/purpose: To extend leave with pay to staff members for a period before and after confinement.

Date first established: 1946.

Eligibility criteria: See purpose.

Current amount: 16 weeks.

Effective date: 1 January 1981.

Limitations on payment: See rationale/purpose.

COMPARATOR

No maternity leave as such. Employee can use sick leave, annual leave or leave without pay or any combination of these. Generally leave without pay is used.

7.4 Special leave (with and without pay)

Rationale/purpose: For advanced study or research in the interest of the organization; in cases of extended illness, in the event of adoption of a child by a staff member or for other important reasons.

Eligibility criteria: See purpose.

Limitations on payment: See rationale/purpose.

COMPARATOR

Employees may be granted leave without pay at the discretion of the employing agency. It may be granted regardless of the employee's accumulated leave balance.

7.5 Official holidays

Rationale/purpose:	Official holidays not charged to annual leave are designated for each duty station.
Eligibility criteria:	Staff members in full pay status.
Current amount:	Nine days per year
Limitations on payment:	See eligibility criteria. Nine-day limit applies irrespective of local practice.

COMPARATOR

Employees are entitled to 10 official holidays plus one day every four years for Presidential elections for staff in Washington, D.C. Staff overseas also receive all local national holidays.

8. MEDICAL INSURANCE

Purpose:	To provide insurance coverage to a staff member or to his/her dependants in the event of injury or illness.
Date first established:	1946.
Eligibility/criteria:	Staff members in full pay status.
Basis formula:	Health insurance arrangements vary from duty station to duty station and sometimes differ among organizations. However, in practically all cases the payment of contributions to the health insurance scheme is shared 50/50 between the employing organization and the staff member.
Limitation on payment:	See eligibility criteria.

COMPARATOR

The Health Benefits Programme is a voluntary contributory programme open to almost all employees. There are various plans and through them the employee can acquire health care services for themselves and their families. The Government pays 60 per cent of the average high option premium of six large and representative plans. However, the Government's contribution may not exceed 75 per cent of total premium. The Government's contribution is the same for all full-time employees.

ANNEX VIII

Summary of organizations' practices regarding expatriate entitlements (education grant, home leave and repatriation grant) paid to staff members living in their home countries while stationed at duty stations located in another country

Organization	Basis staff rules/ regulations	Number of staff affected	Comments
United Nations (including UNDP, UNICEF and UNHCR)	United Nations Staff Rules/ Regulations		No expatriate entitlements paid to staff members living in and working in their home country.
UNIDO	United Nations Staff Rules/ Regulations		No expatriate entitlements paid to staff members living in and working in their home country.
UPU			No such condition exists.
UNRWA			Condition not applicable due to enforced national boundaries.
ITU	Staff Rules	12	All ITU staff members are considered internationally recruited, therefore they receive expatriate entitlements.
WMO	Staff Rules	6	All WMO staff members are considered internationally recruited, therefore they receive expatriate entitlements.
IMO			No such condition exists.
WIPO	Staff Rules/ Regulations	11	Expatriate entitlements granted to all internationally recruited staff under WIPO's Staff Rules/Regulations.
ICAO			No such condition exists.
GATT	United Nations Staff Rules/ Regulations		No expatriate entitlements paid to staff members living in and working in their home country.
IAEA		1	Ad hoc decision made on basis of staff member's nationality as different from that of the duty station.

Organization	Basis staff rules/ regulations	Number of staff affected	Comments
ITC	United Nations Staff Rules/ Regulations		No expatriate entitlements paid to staff members living in and and working in their home country.
UNESCO			Unaware of any staff member living in home country while stationed elsewhere.
FAO			Not applicable given geographic location.
ILO	Staff Rules	35	Expatriate benefits paid to all internationally recruited staff members.
WHO	Staff Rules	50	Expatriate benefits paid to all internationally recruited staff members.

(a) For staff with removal entitlements:

(i) At headquarters (and "related" locations, the mobility/hardship allowance would apply as per the matrix. The lump-sum payment of one month's salary would not apply under the assignment grant;

(ii) At field locations a reduction of 5 percentage points in the mobility/hardship allowance would be applied and only one month's salary would be paid under the assignment grant.

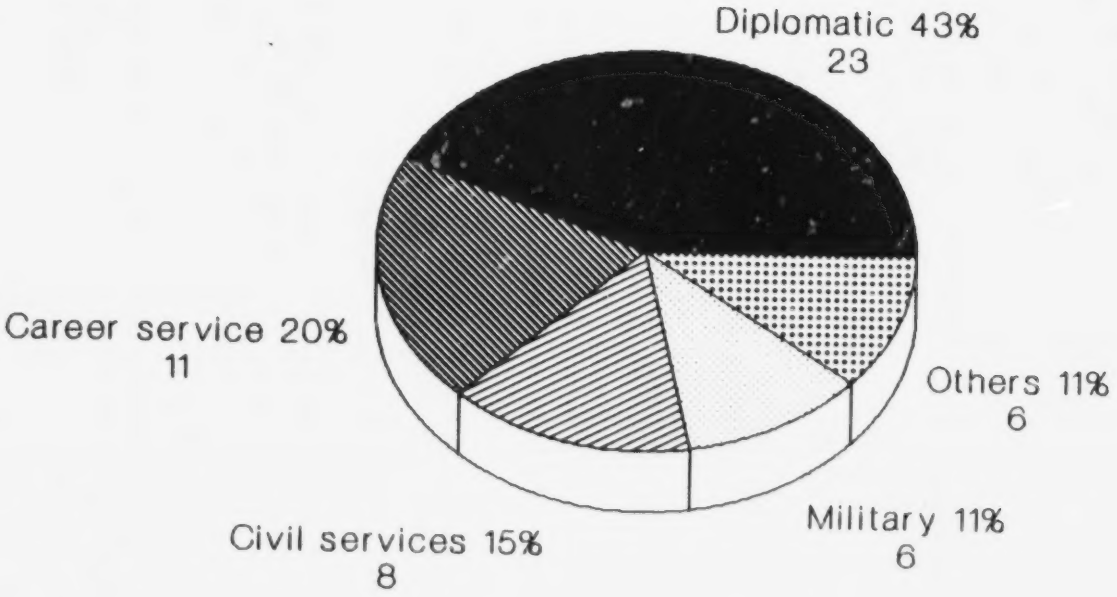
(b) For staff without removal entitlements:

(i) At headquarters (and "related") duty stations, the mobility/hardship allowance would be increased by 3 percentage points on the line shown for headquarters. That would represent the approximate existing value of the assignment allowance. The installation allowance applicable to headquarters would apply;

(ii) In the field, the mobility/hardship allowance as per the matrix and the field assignment grant would apply.

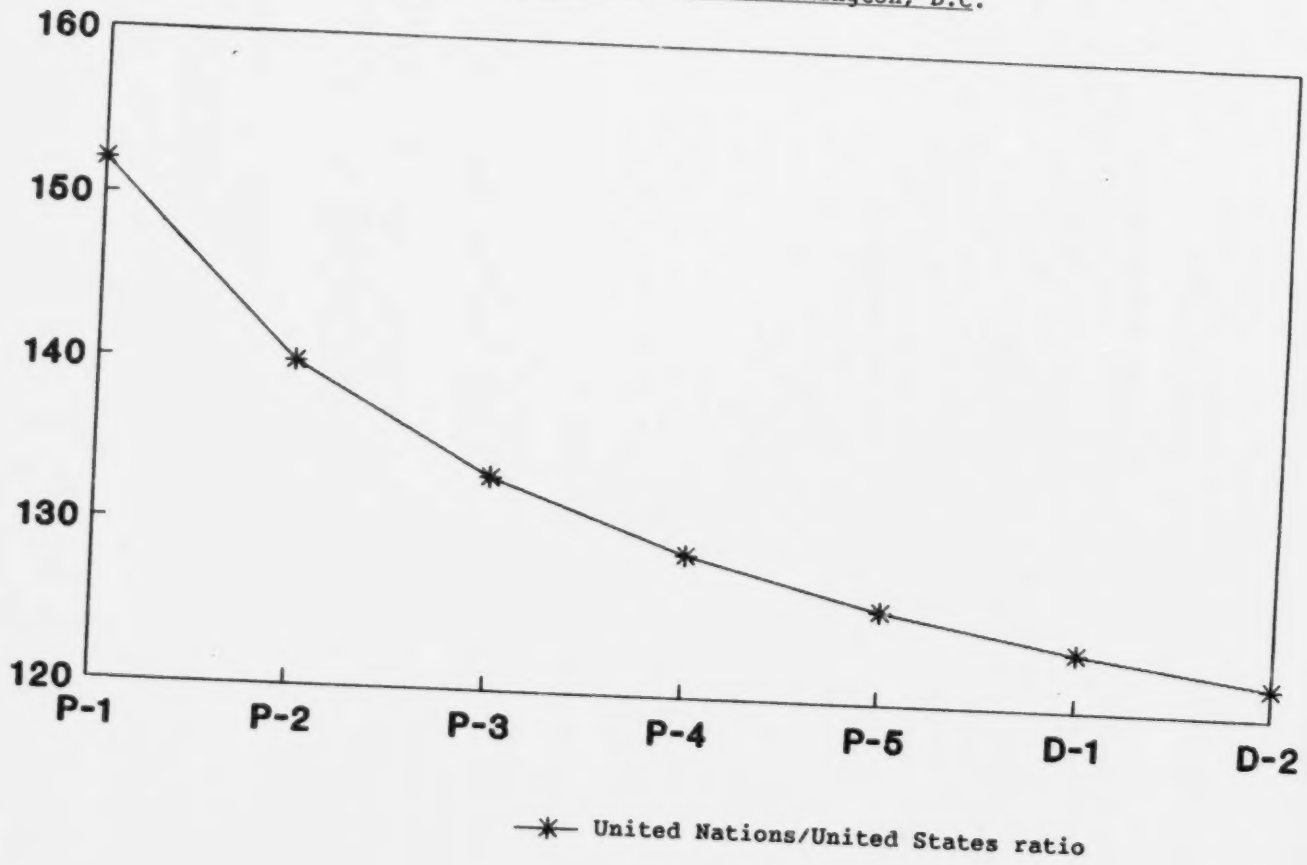
ANNEX IX

Sources of recruitment for the United Nations officials at the Assistant Secretary-General/Under-Secretary-General levels



ANNEX X

Ratios of net remuneration for United Nations officials in grades P-1 to D-2 in New York and equivalent level officials in the comparator civil service in Washington, D.C.



ANNEX XI

Operation of the proposed revised rental subsidy scheme for Assistant Secretary-General/Under-Secretary-General and equivalent level officials

Housing for Assistant Secretary-General/Under-Secretary-General and equivalent level officials

Extra costs relating to the rental of larger accommodations in suitable areas incurred by officials at the above-mentioned level may be reimbursed at the discretion of the executive heads on the basis of the formula whereby a limit is placed on the amount of rental subsidy received, and not through the amount of rent paid. The maximum amount of rental subsidies paid to these officials will equal 75 per cent of the threshold rent for the individual official concerned. For example, the net remuneration (net base salary plus post adjustment) of an Assistant Secretary-General level official with primary dependants in New York equals $8,263 per month. The rental subsidy threshold for New York is currently 26 per cent. The personal threshold rent for the Assistant Secretary-General level official in New York would therefore amount to $2,148 per month. Under this proposal the Assistant Secretary-General level official would be entitled to receive rental subsidy up to 75 per cent of the personal threshold amount of $2,148 or $1,611 per month. The official in question would, therefore, be in a position to rent an apartment costing up to $4,161 per month and get the full benefit under the proposed scheme. If, however, the Assistant Secretary-General level official chooses to rent a dwelling costing more than $4,161 per month, then he or she will be responsible fully for the balance of the amount beyond $4,161.

Examples (for four Assistant Secretary-General level officials in New York)

Official A rents a dwelling costing $2,100 per month. As the rent is lower than threshold rent of $2,148, no subsidy will be paid. Consequently, total take-home pay will amount to $8,263 per month. Net rent paid by the staff member = $2,100 per month.

Official B rents a dwelling costing $3,400 per month. As a result a rental subsidy of (3400 - 2148) x 0.8 = $1,002 per month will be paid. Consequently, total take-home pay will amount to ($8,263 + $1,002) = $9,265. Net rent paid by the staff member ($3,400 - $1,002) = $2,398.

Official C rents a dwelling costing $4,160 per month. As a result a rental subsidy of (4160 - 2148) x 0.8 = $1,610 per month will be paid. Consequently, total take-home pay will amount to ($8,263 + $1,610) = $9,873. Net rent paid by the staff member ($4,160 - $1,610) = $2,550 per month.

Official D rents a dwelling costing $7,500 per month. Usual rental subsidy calculations will result, in this case, in a rental subsidy of $4,218 per month. However, rental subsidy will be limited to a maximum amount of $1,611 per month. Consequently, the total take-home pay will amount to ($8,263 + $1,611) = $9,874. Net rent paid by the staff member ($7,500 - $1,611) = $5,889 per month.

ANNEX XII

Comparison of average net remuneration of United Nations officials in grades P-1 to D-2 in New York and the comparator civil service in Washington, D.C.

Washington, D.C., by equivalent grades

(Margin as of 1 June 1990)

Grade (1)	Net remuneration: United Nations a/ $ (2)	Net remuneration: United States b/ $ (3)	United Nations/United States ratio (United States, Washington = 100) (4)	Weights for calculation of overall ratio c/ (5)
P-1	33 323	21 925	152.0	3.0
P-2	42 592	30 432	140.0	13.2
P-3	51 860	38 939	133.2	23.3
P-4	61 129	47 447	128.8	28.0
P-5	70 398	55 954	125.8	21.8
D-1	79 667	64 461	123.6	7.9
D-2	88 936	72 969	121.9	2.8
Weighted average ratio before adjustment for cost-of-living differential, New York/Washington:				130.7
Cost-of-living ratio New York/Washington:				111.3
Weighted average ratio, adjusted for cost-of-living difference:				117.4

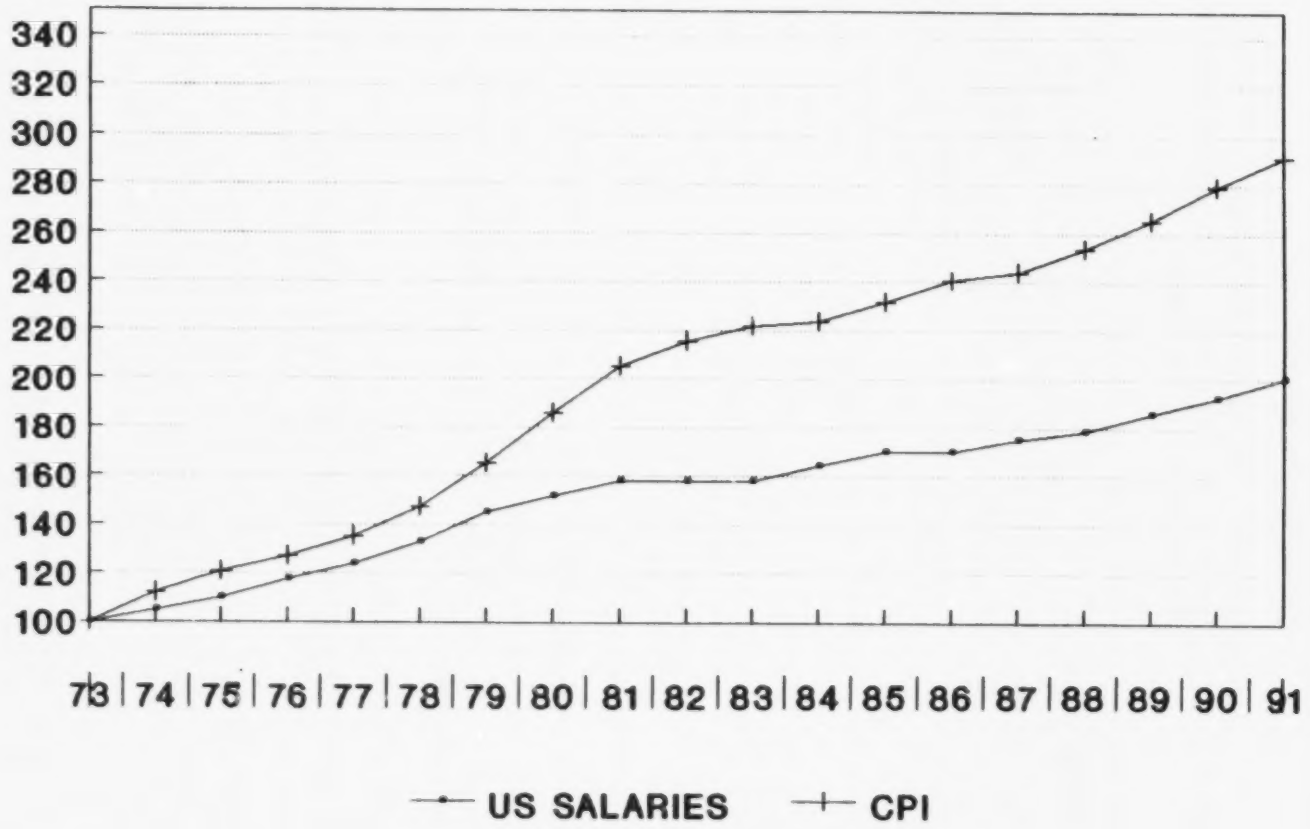
a/ Regressed average United Nations salaries by grade.

b/ Average salaries based on Washington area United States federal civil service in comparable positions provided by the Office of Personnel Management to reflect published salary scales effective January 1990, subject to the ceiling on rates of basic pay.

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 1988.

ANNEX XIII

Movements of United States federal civil service salaries
and the consumer price index



ANNEX XIV

Proposed annual net salaries effective 1 March 1991
for the Professional and higher categories

(In United States dollars)

Level/Steps	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
USG Net D	79 259														
ASG Net D	72 695														
D-2 Net D	60 836	62 022	63 208	64 394	65 580	66 765									
D-1 Net D	54 576	55 591	56 607	57 622	58 638	59 653	60 669	61 684	62 700						
P-5 Net D	48 879	49 798	50 717	51 636	52 555	53 474	54 393	55 312	56 231	57 150	58 069	58 988	59 907		
P-4 Net D	41 284	42 180	43 077	43 973	44 869	45 765	46 662	47 558	48 454	49 350	50 246	51 143	52 039	52 935	53 831
P-3 Net D	34 666	35 508	36 350	37 192	38 034	38 876	39 718	40 559	41 401	42 243	43 085	43 927	44 769	45 611	46 453
P-2 Net D	28 742	29 495	30 248	31 001	31 754	32 507	33 260	34 013	34 766	35 519	36 272	37 025			
P-1 Net D	22 752	23 476	24 200	24 924	25 647	26 371	27 095	27 818	28 542	29 266					

ANNEX XV

Supplementary payments and deductions: list of non-respondents as at 30 June 1990

Afghanistan, Angola, Bangladesh, Belize, Benin, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Chad, China, Congo, Côte d'Ivoire, Cuba, Czechoslovakia, Djibouti, Dominica, Dominican Republic, El Salvador, Equatorial Guinea, France, Gambia, Guinea, Iran (Islamic Republic of), Ireland, Kuwait, Lao People's Democratic Republic, Luxembourg, Mali, Mongolia, Mozambique, Myanmar, Nepal, Niger, Paraguay, Romania, Saint Kitts and Nevis, Samoa, Sao Tome and Principe, Senegal, Seychelles, Suriname, Swaziland, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Uruguay, Viet Nam and Yemen.

ANNEX XVI

Recommended net salary scale for the General Service category in London

(In pounds sterling)

1 April 1990

				S	T	E	P	S			
Grade	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
8	17 222	17 911	18 600	19 289	19 978	20 667	21 356	22 045	22 734	23 423	24 112
7	15 377	15 992	16 607	17 222	17 837	18 452	19 067	19 682	20 297	20 912	21 527
6	13 727	14 276	14 825	15 374	15 923	16 472	17 021	17 570	18 119	18 668	19 217
5	12 257	12 747	13 237	13 727	14 217	14 707	15 197	15 687	16 177	16 667	17 157
4	10 944	11 382	11 820	12 258	12 696	13 134	13 572	14 010	14 448	14 886	15 324
3	9 772	10 163	10 554	10 945	11 336	11 727	12 118	12 509	12 900	13 291	13 682
2	8 725	9 074	9 423	9 772	10 121	10 470	10 819	11 168	11 517	11 866	12 215
1	7 791	8 103	8 415	8 727	9 039	9 351	9 663	9 975	10 287	10 599	10 911

ANNEX XVII

Recommended net salary scales for the General Service and related categories in New York

Table A

Recommended salary scale for General Service category as at 1 October 1989

(In United States dollars)

				S	T	E	P	S			
Grade	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
7	28 466	29 549	30 631	31 714	32 797	33 880	34 963	36 045	37 128	38 211	39 294
6	25 768	26 746	27 725	28 703	29 682	30 661	31 639	32 618	33 596	34 575	35 553
5	23 309	24 196	25 082	25 968	26 855	27 741	28 627	29 514	30 400	31 286	32 172
4	21 102	21 903	22 704	23 505	24 306	25 107	25 908	26 709	27 510	28 311	29 112
3	19 091	19 817	20 544	21 271	21 998	22 725	23 452	24 179	24 906	25 632	26 359
2	17 282	17 939	18 595	19 252	19 909	20 565	21 222	21 879	22 535	23 192	
1	15 641	16 234	16 828	17 421	18 015	18 608	19 202	19 795	20 389		

Table B

Recommended salary scale for Trades and Crafts category as at 1 October 1989

(In United States dollars)

	S T E P S						
Grade	I	II	III	IV	V	VI	VII
8	36 360	37 524	38 688	39 852	41 016	42 180	43 344
7	34 266	35 363	36 459	37 556	38 652	39 749	40 845
6	32 168	33 197	34 227	35 256	36 285	37 314	38 343
5	30 073	31 036	31 999	32 962	33 925	34 887	35 850
4	27 982	28 876	29 771	30 665	31 560	32 454	33 348
3	25 887	26 716	27 544	28 372	29 200	30 029	30 857
2	23 794	24 555	25 316	26 077	26 838	27 598	28 359
1	21 696	22 391	23 086	23 780	24 475	25 170	25 864

Table C

Recommended salary scale for Security Service category as at 1 October 1989

(In United States dollars)

					S	T	E	P	S				
Grade	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII
7	39 052	40 457	41 862	43 267	44 672	46 077	47 482	48 887	50 292				
6	36 376	37 686	38 997	40 307	41 618	42 928	44 239	45 549	46 860				
5	33 704	34 919	36 134	37 349	38 563	39 778	40 993	42 208	43 422				
4	30 976	32 091	33 206	34 322	35 437	36 553	37 668	38 784	39 899				
3	29 104	29 977	30 851	31 725	32 598	33 472	34 346	35 219	36 093	36 967	37 840		
2	26 368	27 159	27 950	28 741	29 532	30 323	31 114	31 905	32 697	33 488	34 279	35 070	35 861
1	23 631	24 339											

ANNEX XVIII

Recommended net salary scale for the General Service category in Rome

(In thousands of Italian lire)

1 February 1990

					S	T	E	P	S						
Grade	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
7	49 271	50 749	52 227	53 705	55 183	56 661	58 139	59 617	61 095	62 573	64 051	65 529			
6	42 845	44 130	45 415	46 700	47 985	49 270	50 555	51 840	53 125	54 410	55 695	56 980	58 265	59 550	60 835
5	37 256	38 374	39 492	40 610	41 728	42 846	43 964	45 082	46 200	47 318	48 436	49 554	50 672	51 790	52 908
4	33 564	34 537	35 510	36 483	37 456	38 429	39 402	40 375	41 348	42 321	43 294	44 267	45 240	46 213	47 186
3	30 792	31 624	32 456	33 288	34 120	34 952	35 784	36 616	37 448	38 280	39 112	39 944	40 776	41 608	42 440
2	28 778	29 469	30 160	30 851	31 542	32 233	32 924	33 615	34 306	34 997	35 688	36 379	37 070	37 761	38 452
1	27 149	27 719	28 289	28 859	29 429	29 999	30 569	31 139	31 709	32 279	32 849	33 419	33 989	34 559	35 129

ANNEX XIX

Table A

Salary scales for the General Service and related categories at Vienna resulting from the exclusion of the commissary benefit

(net amounts in Austrian schilling as at 1 March 1987)

Grade	S I	T II	E III	P IV	S V	VI	VII	VIII	IX	X	XI
8	440 703	454 805	468 907	483 009	497 111	511 213	525 315	539 417	553 519	567 621	581 723
7	375 386	387 398	399 410	411 422	423 434	435 446	447 458	459 470	471 482	483 494	495 506
6	319 750	329 982	340 214	350 446	360 678	370 910	381 142	391 374	401 606	411 838	422 070
5	272 360	281 075	289 790	298 505	307 220	315 935	324 650	333 365	342 080	350 795	359 510
4	231 993	239 417	246 841	254 265	261 689	269 113	276 537	283 961	291 385	298 809	306 233
3	197 609	203 933	210 257	216 581	222 905	229 229	235 553	241 877	248 201	254 525	260 849

Table B

Salary scale for the Manual Workers category at Vienna resulting from the 1987 salary survey without deduction for commissary benefit

(net amounts in Austrian schilling as at 1 March 1987)

Grade	S I	T II	E III	P IV	S V	VI	VII	VIII	IX	X	XI
7	281 633	290 645	299 946	309 544	319 450	329 672	340 221	351 109	362 344	373 939	385 905
6	230 801	238 186	245 571	252 956	260 341	267 726	275 111	282 496	289 881	297 266	304 651
5	207 929	214 583	221 237	227 891	234 545	241 199	247 853	254 507	261 161	267 815	274 469
4	190 761	196 866	202 971	209 076	215 181	221 286	227 391	233 496	239 601	245 706	251 811
3	175 010	180 610	186 210	191 810	197 410	203 010	208 610	214 210	219 810	225 410	231 010
2	160 559	165 697	170 835	175 973	181 111	186 249	191 387	196 525	201 663	206 801	211 939

ANNEX XX

Education grant breakdown by currencies: expenditure cases exceeding allowable costs

Currency	Current maximum grant ($US equivalent at 1 July 1990)	Current maximum grant (Local currency)	Recommendation (Local currency)	Expenditure (Percentage of cases exceeding maximum allowable costs) Present	After increase
Japanese yen	10 300.3	1 586 250	1 586 250	0	0
Austrian schilling	9 750.0	114 075	114 075	0	0
Swiss franc	9 718.0	13 703	13 703	0.66	0.2
Deutsche mark	9 700.6	16 200	19 800 a/	5.26	0
Netherlands guilder	9 514.9	17 888	17 888	3.45	3.45
Finnish markka	9 274.8	36 450	36 450	0	0
Belgium franc	9 222.4	317 250	317 250	0	0
Danish krone	9 113.0	58 050	58 050	0	0
Spanish pesetas	8 519.4	877 500	1 072 500 a/	10.34	10.34
Swedish krone	8 283.6	49 950	49 950	0	0
French franc	8 196.4	45 900	45 900	1.21	1.21
CFA franc	8 196.4	2 295 000	2 295 000	0	0
Irish pound	7 937.0	4 921	4 921	0	0
Italian lire	7 714.3	9 450 000	11 549 997 a/	15.92	0.6
United Kingdom pound sterling	7 666.1	4 408	5 387 a/	26.3	10.8
Norwegian krone	7 430.2	47 925	47 925	0	0
United States dollar area	6 750.0	6 750	8 250 a/	10.5	7.2

a/ Indicates change from current grant.

ANNEX XXI

Recommended salary scale for the Field Service category showing annual gross salaries and net equivalents after application of staff assessment

(In United States dollars)

1 July 1990

Level		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
						S	T	E	P	S						
FS-7	Gross	55 402	56 987	58 572	60 157	61 742	63 327	64 912	66 525	68 140	69 754	71 369	72 983			
	Net D	37 821	38 693	39 565	40 436	41 308	42 180	43 052	43 924	44 795	45 667	46 539	47 411			
	Net S	35 139	35 926	36 712	37 498	38 284	39 070	39 856	40 643	41 429	42 215	43 002	43 788			
FS-6	Gross	45 439	46 863	48 288	49 712	51 137	52 561	53 986	55 425	56 902	58 378	59 855	61 331			
	Net D	32 150	32 962	33 774	34 586	35 398	36 210	37 022	37 834	38 646	39 458	40 270	41 082			
	Net S	30 007	30 741	31 477	32 211	32 947	33 681	34 417	35 151	35 883	36 615	37 348	38 080			
FS-5	Gross	38 203	39 378	40 553	41 727	42 902	44 076	45 260	46 475	47 691	48 907	50 123	51 339	52 554		
	Net D	27 890	28 583	29 276	29 969	30 662	31 355	32 048	32 741	33 434	34 127	34 820	35 513	36 206		
	Net S	26 130	26 761	27 392	28 022	28 653	29 284	29 914	30 541	31 169	31 796	32 423	33 051	33 678		
FS-4	Gross	32 797	33 739	34 682	35 646	36 620	37 595	38 569	39 544	40 519	41 493	42 468	43 442	44 417	45 405	46 414
	Net D	24 656	25 231	25 806	26 381	26 956	27 531	28 106	28 681	29 256	29 831	30 406	30 981	31 556	32 131	32 706
	Net S	23 174	23 703	24 232	24 757	25 280	25 804	26 327	26 850	27 374	27 897	28 420	28 943	29 467	29 989	30 510
FS-3	Gross	28 217	28 994	29 770	30 564	31 366	32 167	32 969	33 770	34 572	35 386	36 215	37 044	37 873	38 702	39 531
	Net D	21 827	22 316	22 805	23 294	23 783	24 272	24 761	25 250	25 739	26 228	26 717	27 206	27 695	28 184	28 673
	Net S	20 569	21 021	21 471	21 921	22 371	22 821	23 271	23 720	24 170	24 617	25 062	25 508	25 953	26 398	26 843
FS-2	Gross	24 383	25 040	25 725	26 411	27 097	27 783	28 468	29 154	29 840	30 543	31 251	31 959			
	Net D	19 393	19 825	20 257	20 689	21 121	21 553	21 985	22 417	22 849	23 281	23 713	24 145			
	Net S	18 321	18 723	19 121	19 520	19 918	20 317	20 715	21 113	21 512	21 910	22 307	22 704			
FS-1	Gross	21 155	21 730	22 306	22 882	23 458	24 033	24 609	25 194	25 797	26 400					
	Net D	17 262	17 642	18 022	18 402	18 782	19 162	19 542	19 922	20 302	20 682					
	Net S	16 339	16 692	17 046	17 400	17 753	18 106	18 460	18 813	19 163	19 513					

Language allowance: applicable only to staff in levels 1 to 5.
First language: $1,028 per year.
Second language: $513 per year.

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